

\$2.50

Current History

A WORLD AFFAIRS JOURNAL

SEPTEMBER, 1981

THE PEOPLE'S REPUBLIC OF CHINA, 1981

CHINA'S GLOBAL STRATEGY	<i>John F. Copper</i>	241
CHINA'S NUCLEAR DETERRENT	<i>Elizabeth S. Y. Wong-Fraser</i>	245
AMERICA'S CHINA POLICY	<i>O. Edmund Clubb</i>	250
THE HUNDRED FLOWERS OF DISCONTENT	<i>Jan S. Prybyla</i>	254
POLITICS OF REFORM IN CHINA	<i>H. Lyman Miller</i>	258
AGRICULTURAL REFORM IN CHINA	<i>Kuan-I Chen</i>	263
CHINA'S INDUSTRIALIZATION	<i>S. H. Chou</i>	268
TABLES • <i>China's Nuclear Tests, 1964-1978</i>		246
<i>China's Nuclear Capability, 1970-1981</i>		248
BOOK REVIEWS • <i>On China</i>		272
FOUR MONTHS IN REVIEW • <i>Country by Country, Day by Day</i>		282
MAP • <i>China</i>		Inside Back Cover

Current History

FOUNDED IN 1914

SEPTEMBER, 1981
VOLUME 80 NUMBER 467

Editor:

CAROL L. THOMPSON

Associate Editor:

VIRGINIA C. KNIGHT

Assistant Editors:

MARY M. ANDERBERG

JOAN B. ANTELL

Contributing Editors:

ROSS N. BERKES

University of Southern California

RICHARD BUTWELL

Murray State University

O. EDMUND CLUBB

U.S. Foreign Service Officer (retired)

HANS W. GATZKE

Yale University

MARSHALL I. GOLDMAN

Wellesley College

NORMAN A. GRAEBNER

University of Virginia

OSCAR HANDLIN

Harvard University

STEPHEN D. KERTESZ

University of Notre Dame

RICHARD H. LEACH

Duke University

NORMAN D. PALMER

University of Pennsylvania

JOHN P. ROCHE

Fletcher School of Law and Diplomacy

A. L. ROWSE

All Souls College, Oxford

ALVIN Z. RUBINSTEIN

University of Pennsylvania

RICHARD F. STAAR

Hoover Institution

RICHARD VAN ALSTYNE

University of the Pacific

COLSTON E. WARNE

Amherst College, Emeritus

ARTHUR P. WHITAKER

University of Pennsylvania, Emeritus

President and Publisher:

DANIEL G. REDMOND, JR.

Vice President:

ELBERT P. THOMPSON

Current History (ISSN-0011-3530) is published monthly (except June, July and August) for \$17.75 per year by Current History, Inc. Publication Office, 4225 Main Street, Philadelphia, Pa. 19127; Editorial Office, RR1, Box 132, Furlong, Pa. 18925. Second class postage paid at Phila., Pa., and additional mailing offices. Postmaster: send address changes to *Current History*, 4225 Main Street, Philadelphia, Pa. 19127. Indexed in *The Reader's Guide to Periodical Literature*, *The Abridged Reader's Guide*, *ABC Polsci*, *PAIS* and *SSCI*. Copies may be secured by writing to the publication office. No responsibility is assumed for the return of unsolicited manuscripts. Copyright ©1980, by Current History, Inc.

Coming Next Month

The Soviet Union

October, 1981

In our October, 1981, issue, seven specialists focus on Soviet foreign policy, including superpower rivalry and the Soviet Union's relations with the third world. Topics include:

U.S.-Soviet Relations

by WILLIAM G. HYLAND, Carnegie Endowment for International Peace

Soviet Military Capability

by C.G. JACOBSEN, University of Miami

Soviet Policy in East Europe

by RICHARD F. STAAR, the Hoover Institution

Soviet-Arab Relations

by ALVIN RUBINSTEIN, University of Pennsylvania

Soviet Policy in Iran and Afghanistan

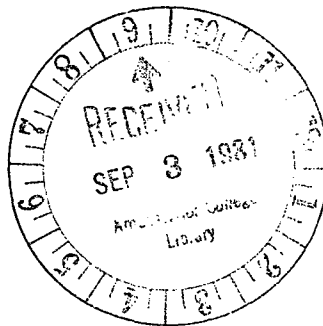
by OLES SMOLANSKY, Lehigh University

The Soviet-Cuban Connection

by GEORGE VOLSKY, University of Miami

Sino-Soviet Rivalry in the Asian Third World

by RAJAN MENON, Vanderbilt University



\$2.50 a copy • \$18.85 a year

Canada \$20.35 a year • Foreign \$20.35 a year
Please see back cover for quantity purchase rates.

NO ADVERTISING

Property of
AMBASSADOR COLLEGE LIBRARY
Big Sandy, Texas

Current History

SEPTEMBER, 1981

VOL. 80, NO. 467

How have China's foreign policies changed? How successful are Chinese leaders in pursuing modernization? In obtaining Western industrial and military technology? In this issue, seven specialists evaluate conditions and trends in the People's Republic of China. Our introductory article notes that "China's global perspective has been largely influenced in recent years by its continued alienation from the Soviet Union and its preoccupation with economic growth and modernization."

China's Global Strategy

BY JOHN F. COPPER

Associate Professor of International Studies, Southwestern University

We uphold the three worlds theory advanced by Chairman Mao. China will always remain a member of the third world; it will never pursue hegemonism, and it will always uphold proletarian internationalism and firmly oppose hegemonism.

Deng Xiaoping, April 12, 1980

MAO Zedong's "three world view"—in contrast to the traditional Communist view of the world wherein nations are categorized as either capitalist or Communist—groups the participants in international politics in the following way: a first world comprised of the superpowers (the United States and the Soviet Union); a second world of the developed, non-superpower countries (West Europe and Japan); and a third bloc of the world's poor countries, the largest in terms of size and population. Mao envisioned the third world bloc, led by China, uniting with the second world, which is bullied by the superpowers, to isolate and defeat the superpowers.¹ In this way, superpower dominance and the bipolar system that reflects that dominance would be ended.

Rather than repudiating Chairman Mao's world view, First Deputy Premier Deng Xiaoping and his followers have revised it and have used Mao's dictums and writings to explain and support a new world view.² In global politics, China is now following a "united front" approach (a Maoist strategy ori-

ginally, although now altered), seeking to engineer an alliance of the second and third worlds, together with the United States, against the Soviet Union. However, in strategic terms the rest of the third world is generally overlooked, and China sees its allies as the United States, Japan and West Europe. Thus China is linked with three of the four other world powers against the Soviet Union, the nation China regards as the most aggressive and dangerous superpower.

The united front policy finds its origins in Mao's strategy during his struggle against the Nationalist Chinese and the Japanese, though before he died in 1976 it was also being cited as a global strategy to deal with the new Soviet threat. At that time, it was rationalized on the basis of the Maoist philosophical doctrine—deal with "primary contradictions" or major enemies first and ally with secondary enemies to do this. More recently, however, the united front strategy is explained more in terms of the Soviet arms buildup and Moscow's acts of aggression throughout the world.

Mao also said that the united front could be utilized from above or below. From above means pursuing relations on a nation-to-nation level in order directly to confront the forces of international capitalism and imperialism. From below means supporting local Communist parties or revolutionary forces against feudal regimes or governments supported by Western capitalism. Mao's preference seemed to be for the latter, especially during the Cultural Revolution in the last half of the 1960's. In the early 1980's, China intends to direct the united front from above against the forces of "social imperialism"—meaning the Soviet Union. Where the united front from below ap-

¹For an excellent summary analysis of China's theoretical world view, see Samuel S. Kim, "Mao Zedong and China's Changing World View," in James C. Hsing and Samuel S. Kim, eds., *China in the Global Community* (New York: Praeger, 1980).

²*Beijing Review*, April 21, 1980, p. 3. Deng made this statement when he met Zambia's President Kenneth Kaunda on April 12.

proach has been used—in Kampuchea, Laos and Afghanistan—it has been anti-Communist (or anti-Soviet communism) instead of anti-capitalist.

Mao was also an internationalist, and Deng claims to “uphold proletarian internationalism.” However, Deng’s term apparently has a different meaning; witness China’s moderate actions in the United Nations and its support for the international status quo in Western terms. Deng and other Chinese leaders even give evidence of wanting to help bridge the north-south gap, the gulf between the poor countries and the West. Again, China is motivated by its hostility toward the Soviet Union and its fear that, because China has abandoned liberation movements in the third world, the Soviet Union will exploit the third world’s revolutionary forces to China’s disadvantage.

Thus, while Deng claims to endorse Mao’s world view, much has changed in China’s outlook since the Chairman’s death in 1976. China’s leaders have made important changes in their attitudes toward all three worlds.

CHINA AND THE SOVIET UNION

China’s relationship with the Soviet Union has probably had a greater impact upon its strategic thinking than any other factor. The two countries signed an alliance in February, 1950, but by late in that decade the alliance was already showing strains and cracks, and by 1960 the two countries were in open dispute. In 1969, Moscow and Beijing engaged in what amounted to a conventional war on their border, after months of escalating tensions. Chinese leaders regarded the Soviet invasion of Czechoslovakia the previous year, after which the Kremlin proclaimed its right to “preserve socialism” in bloc countries even by military force, as an ominous sign that might affect their own independence and sovereignty.

During the next ten years, there was no improvement in relations between the two Communist giants. Chinese leaders labeled the Soviets “social imperialists” and complained about the Kremlin’s arms building and its “hegemonial” designs in Asia and elsewhere. Finally, in 1979, Deng Xiaoping declared that the Sino-Soviet alliance was “just a scrap of paper,” noting that it would be terminated in 1980 when it came up for renewal. And so it was.

Nonetheless, Chinese leaders made some efforts to dampen the conflict with the U.S.S.R. They clearly saw themselves outgunned in the event of a conflict

(though they have not said this publicly very often), and this situation has not changed. Even after China’s invasion of Vietnam in early 1979, Beijing announced its willingness to negotiate with the Soviet Union on “state to state relations” and with regard to their mutual border. This may have been the product of Chinese disappointment because of the United States reaction to its “teaching a lesson” to Vietnam or because of a lingering fear that China could not trust the United States. Or it may be interpreted as an understanding on the part of the Chinese that a united front strategy required lining up its allies, rather than engaging in direct confrontation. Chinese foreign policy elsewhere—especially China’s support of anti-Soviet regimes in Asia and Africa—does not suggest even a brief thaw in Sino-Soviet relations.³

In any event, the Soviet invasion of Afghanistan in December, 1979, evoked increased hostility toward the Soviet Union, reflecting the growing ascendancy of anti-Soviet hawks in China. China immediately cancelled its participation in the Olympic games to be held in Moscow and increased the volume of its statements about Soviet “hegemony.” In May, 1980, when China conducted its first ICBM (intercontinental ballistic missile) test, Chinese leaders remarked that they had “broken the superpower monopoly on strategic weapons.”⁴ But they went on to say that the breakthrough had serious implications for the Soviet Union, while remaining silent about its effect on the United States and other countries.

However, in the course of its efforts to build a united front against the Soviet Union (and in order to portray the Soviet Union as the danger to world peace), China has been cautious to avoid the impression that it hopes for or expects a global conflagration. Thus, in contrast to Mao, who generally spoke of war as inevitable, in the last two or three years Deng has on several occasions mentioned the possibility of delaying a global conflict into the distant future or even avoiding it altogether.⁵ On the other hand, Deng has also said that it is difficult to avoid war, because of the Soviet Union’s actions in Afghanistan and elsewhere.

In an apparent balancing effort, China’s leaders have also sought to give the impression that China is a worthy ally, prepared to war with the Soviet Union if necessary. (One might also interpret this as an effort to avoid pessimism and defeatism in view of superior Soviet military capabilities.) In early 1981, a commentator in *Beijing Review* reported that the Soviet Union had 54 divisions on China’s border, and warned that if the Soviet Union started a war it must be prepared to fight at least 20 years.⁶ The commentator also declared that launching a war against China would not be an “isolated matter”—apparently reflecting Beijing’s belief that the united front strategy was working.

³For example, China maintained close relations with the Shah of Iran before his fall, Zaire under Mobutu and Pol Pot, all of whom were attractive more for their anti-Soviet policies than anything else.

⁴See *People’s Daily*, May 19, 1980.

⁵*Facts on File*, April 20, 1980. Secretary-General of the Chinese Communist party Hu Yaobang made a similar statement in November.

⁶*Beijing Review*, January 19, 1981, p. 3.

In short, Sino-Soviet relations remain unfriendly. And while Moscow is certainly partly to blame, Beijing does not seem to want to change this situation. Chinese leaders ostensibly still need an enemy to justify their internal policies or at least they believe they do. Further, the Soviet threat justifies moving closer to the West, which Chinese leaders believe China must do in order to develop economically. (China's economic policies have been disappointing, and the Soviet Union does not offer China a useful model or the economic help China needs.)

CHINA AND THE UNITED STATES

In marked contrast to Sino-Soviet relations, Beijing and Washington have become steadily closer in recent years. The beginning of the détente process between the United States and China came in 1969. In order to extricate itself from Vietnam (according to both the Chinese view and the Western view), United States President Richard Nixon announced a new tenet in American foreign policy: a United States military phase-down in Asia and better relations with China. This was followed by Nixon's trip to China in 1972 and the signing of the Shanghai Communiqué, which contained an explicit statement of policy by both nations opposing hegemonism. Although Watergate and other events subsequently impeded further progress in Sino-American relations, there was no reversal in relations, and another hurdle was crossed in December, 1978, when President Jimmy Carter moved to establish official diplomatic relations with Beijing.

During the 1970's China began to support United States foreign policy goals, seeing the United States more and more as essential to its united front strategy against the Soviet Union. China even supported increases in United States defense spending and a larger American military presence in Asia. After the Soviet invasion of Afghanistan, Beijing began to speak of the United States almost in terms of an ally.

Meanwhile, détente with the United States came to have significance beyond mutual anti-Soviet aims. Increases in trade followed the United States granting of most-favored-nation status to China (which it had not granted to the Soviet Union) in 1979. By 1981, United States-China trade had doubled in volume more than once, and the United States was China's second largest trading partner, led only by Japan.

However, the relationship was not without problems so far as the Chinese were concerned. In January, 1980, Foreign Minister Huang Hua delivered a secret speech to officials in the Chinese Foreign Ministry describing the United States as a "temporary ally," stating that when China had benefited

as much as it could from its American ties it would quickly abandon Washington.⁷ Beijing refrained from buying the defensive weapons offered by the United States. Taiwan likewise presented a problem to Chinese leaders, particularly during the presidential campaign, when President Carter upgraded relations with Taipei by giving its representatives in the United States diplomatic immunity and when Republican presidential nominee Ronald Reagan promised to "upgrade" relations with Taiwan.

These problems, however, were not major, or the Chinese did not choose to allow them to be. Nor did the Reagan election victory present a serious dilemma for China. This Chinese media made some positive comments about President-elect Reagan to the effect that he was a "reformed capitalist"; approval of his tough stance toward the Soviet Union was also expressed, and when the Reagan administration took office, China made every effort to keep détente alive. The evidence to date supports the view that China sees an informal alliance with the United States as both desirable as well as vital to China's global interests.⁸ In Chinese eyes, the united front strategy cannot succeed without United States participation. Only the United States can counter Soviet military power; China cannot.

The United States is also perceived as a friend and ally in the long run. If China's economic modernization is to succeed, Western trade, investment and technology are essential—and here the United States holds the key. Moreover, dealing with the Soviet Union ultimately depends upon a credible deterrence, which in turn depends upon modernization. In short, China needs the United States.

CHINA AND THE SECOND WORLD

China's posture toward second world countries, like its relations with the United States, represents a volte face. When it came to power in China, the Communist government regarded West European countries and Japan as "capitalist-imperialist enemies." Only after trade relations with Japan and West Europe were established during the mid- and late 1950's, when Sino-Soviet trade began to decline, did Beijing's view begin to change.

Gradually, China came to see the second world countries as oppressed by the superpowers and as important trading partners (according to recent trade figures they account for nearly half China's foreign trade). More recently, China has come to regard both West Europe and Japan as part of its united front to stop the spread of Soviet influence.

Among second world countries, Japan is by far the most important to China. For more than a decade, Japan has been China's leading trading partner; Japan is China's major source of plants and machinery, technology and capital. In return, China is

⁷*Foreign Broadcasting Information Service (Asia and the Pacific)*, May 28, 1980, p. A1.

⁸See also the article by O. Edmund Clubb in this issue.

supplying Japan with large quantities of petroleum, coal and other raw materials. China's willingness to sell natural resources represents a departure from its former policy of avoiding any commercial relations reminiscent of the period of colonialism. In the 1980's, China needs trade and investment capital; and Beijing wants to keep Japan from seeking raw materials elsewhere, namely in Siberia, which would facilitate the Soviet Union's economic development and add to its military capabilities in its eastern region.

China also perceives Japan as a potential military power that can help offset the growing threat of Soviet military expansion in Asia. In May, 1980, Chairman Hua Guofeng visited Japan and expressed China's approval of Japan's military buildup, noting that it was "in accordance with China's anti-Soviet strategy."⁹ This followed a formal treaty of peace signed between the two countries in 1978, which contained an anti-hegemony clause—in the Chinese mind directed only at the Soviet Union.

According to more recent comments, Chinese leaders seek an informal alliance of the United States, Japan and China to counter the Soviet threat in northeast Asia.¹⁰ Beijing thus now openly supports the United States-Japan security pact and hopes the pact will play a greater role in the region—quite in contrast to comments made by Chinese leaders about the "revival of Japanese militarism" as recently as 1975.

In China's world view, West Europe plays a role similar to Japan's. The larger West European countries are all important trading partners and, like Japan, though to a smaller degree, they are sources of loans and credits for China. They are also a source of offensive weapons, which until recently the United States would not sell to China. Finally, China sees West Europe as a meaningful military counterweight to the Soviet Union, in contrast to Japan's role, which is dependent on the United States.

In talking to European leaders (for example during Hua's visit to several European capitals in 1979), China has taken every opportunity to warn Europeans about the Soviet Union and to encourage them to increase their defense spending. Chinese leaders have

⁹*Facts on File*, June 6, 1980.

¹⁰Such a judgment can be made on the basis of conversations between Chairman Hua and President Carter when they met in Japan in mid-1980 at Japanese Prime Minister Masayoshi Ohira's funeral. Clearly the Soviet Union came to such a conclusion. For further details, see *Facts on File*, July 11, 1980.

¹¹See Zhang Fan, "Western Europe's Independent Role," *Beijing Review*, January 12, 1981, pp. 13-15.

¹²For further details on both issues, China's foreign aid and its competing for aid and loans from international institutions, see John F. Copper, "China's Foreign Aid in 1979-80," *Occasional Papers/Reprints Series in Contemporary Asian Studies* (School of Law, University of Maryland), coming issue.

also been quick to point out an important element of their strategic view of the world to Europeans—that Europe is the Soviet Union's greatest "prize" and that it is in Europe that a global war is likely to start, not at the Sino-Soviet border.¹¹ Whether or not Chinese leaders really believe this, they want to counter the view that the East-West crisis has passed as far as Europe is concerned, because the Soviet Union has transferred weapons and manpower to the Sino-Soviet border.

In short, Chinese leaders perceive West Europe and Japan, along with itself, as three second-level world powers which, if united and aligned with the United States against the Soviet Union, can contain the Soviet Union's growing military influence and turn back the Soviet threat.

China has long regarded the third world, the poor countries, as crucial in world power balance terms, following the Leninist thesis that the colonies are the weak link in international capitalism's global control. During the 1950's and 1960's, China's approach toward third world countries vacillated between a hard approach involving threats and pressure and a soft or conciliatory approach, and between a united front approach from above or below. Chinese leaders were often disappointed by the attraction of nonalignment in third world countries and by the frequent turnover of leaders with whom they had established good relations.

Apparently, two decades of experience with third world countries taught Chinese leaders that, in competing with the West or the Soviet Union, victories in the third world were temporary and that in terms of tangible advantages for China, there was little to be gained.

Thus China discarded its anti-status quo policies. Its new paramount concern over economic growth has had a similar result; China has become more concerned about its own welfare than that of other third world countries. In terms of specific policies, China has pared its foreign aid program. In fact, some third world countries have expressed concern that China will compete for aid and loans from international lending organizations and is qualified (based upon its lower per capita income and its large population) for a large portion of the money available; thus they fear¹² that Chinese competition will have a harmful effect on

(Continued on page 279)

John Franklin Copper, who lived in Asia for more than 10 years, is the author of *China's Global Role: An Analysis of Peking's National Power Capabilities in the Context of an Evolving International System* (Stanford: Hoover Institution Press, 1980), *China's Foreign Aid: An Instrument of Peking's Foreign Policy* (Lexington, Mass.: Lexington Books, 1976), in addition to many articles on Asian and international affairs.

“... Nuclear modernization has always held a dominant position in China's defense strategy and ... it is still the option most actively pursued.”

China's Nuclear Deterrent

BY AGATHA S.Y. WONG-FRASER

Lecturer in International Relations, University of Keele, England

MORE and more information about priorities for the three civilian modernizations (agriculture, industry, and science and technology) has been released by the Beijing leadership; but comparatively little has been said about national defense—except to repeat Mao's two famous dictums: “Dig tunnels deep, store grain everywhere, and never seek hegemony”; “Be prepared against war; be prepared against national disasters and do everything for the people.”¹

Military issues have always been cryptically debated in China, however, their resolution step by step pushing China towards a modernized national defense. Although from this historical experience many analysts have assumed that China will give precedence to the updating of its conventional forces,² it is argued here that nuclear modernization has always held a dominant position in China's defense strategy and that it is still the option most actively pursued.

China's military policy has often been exclusively identified with Chairman Mao Zedong's “People's War” concept, a defensive war-fighting strategy based on the leadership of regular forces and a huge mobilized population. Several adverse traits have been attributed to its combination of political and military decision-making, including the building of an anti-professional tradition and the backwardness of China's national defense. Moreover, continuous publicizing of this policy has buttressed the contention that China's prime goal is the renewal of its conventional weapons arsenal. Indeed, in preparation for this eventuality, comprehensive shopping lists have been drawn up, ranging from surface-to-air missiles and anti-aircraft missiles to Leopard tanks, Chieftain

tanks and Lockheed C-130 transport aircraft.³

Despite Beijing's “browsing” in West Europe, however, no significant purchases have been made recently. For those expecting a conventional military transformation, this foot-dragging has been perplexing; several hypotheses have been created to explain it away. This irresolution has sometimes been interpreted as a “Chicken Little” approach: Chinese officials race around the world proclaiming the end is near, hoping that those who are anxious to tilt the balance of power against the Soviet Union will provide the arms they covet.⁴ But a more pragmatic and simpler explanation is that a credible nuclear capacity has, and has always had, a high standing; with only limited resources available, however, less compelling tasks must remain undone. As Vice Premier Li Xian-nian has put it,

China would keep developing nuclear weapons of its own if the United States and the Soviet Union did not cease to develop theirs. ... [China does] not have much money left over for other things.”⁵

The emergence of this strategic defense objective has been clouded by the military debates that led to the purges of Defense Minister Peng Te-huai and Chief of Staff Huang Ke-Cheng in the late 1950's and Chief of Staff Lo Jui-Ching in the late 1960's. Although they proposed a “quick-fix” of China's strategic posture—a significant expansion of weapons production, an increase in research and development expenditure, and large-scale purchases of weapons systems—their removal from office did not reflect an opposition to modernization itself, but rather concerned the means, pace and cost of achieving it. In each case, it was Mao's speech, “On the Ten Great Relationships” that decided the issue, with its maxim that while nuclear development was essential for defense its expansion must not impair the advance of the economy as a whole.

It was perceived, in other words, that the most penetrating threat to China's security would consist of an initial strategic strike followed by a ground assault: the problem was how China could credibly deter its adversaries and how it could defeat its invaders, should deterrence fail. Until sufficient economic progress was made to sustain a credible nuclear deterrent, the People's War would remain the cor-

¹Hua Guofeng, “United and Strive to Build a Modern Powerful Socialist Country,” *Beijing Review*, no. 10, March 10, 1978, pp. 7-40.

²See for example, Edward N. Luttwak, “Military Modernization in the People's Republic of China: Problems and Prospects,” *The Journal of Strategic Studies*, May, 1979, pp. 3-16.

³David Shambaugh, “China's Quest for Military Modernization,” *Asian Affairs*, May/June, 1979, pp. 305-307.

⁴Lucian, W. Pye, “Dilemmas for America in China's Modernization,” *International Security*, Spring, 1980.

⁵Foreign Broadcast Information Service, *Daily Report: People's Republic of China* (Washington, D.C.), hereafter called *FBIS*, July 28, 1977, p. A3.

Table 1: China's Nuclear Tests, 1964-1978

Date	Test Site:	Delivery System:	Megaton Equivalence:	Material:	Warhead:
10/16/64	Lop Nor	Tower mounted	0.02	U-235	Fission device
5/14/65	Lop Nor	TU-4 Air drop	0.04	U-235	Atomic bomb
5/ 9/66	Lop Nor	TU-16 Air drop	0.2	U-235	Atomic bomb
10/27/66	Shwangchentze to Lop Nor	SS-4 IRBM	0.02	U-235	Atomic warhead
12/28/66	Lop Nor	Tower mounted	0.3	U-235	Atomic bomb
6/17/67	Lop Nor	TU-16 Air drop	3.0	U-235	Hydrogen bomb
12/24/67	Lop Nor	TU-16 Air drop	0.2	U-235	N.A.
12/27/68	Lop Nor	TU-16 Air drop	3.0	U-235*	Hydrogen bomb
9/23/69	Lop Nor	Underground	0.2	U-235	Fission device
9/29/69	Lop Nor	TU-16 Air drop	3	U-235	Hydrogen bomb
10/14/70	Lop Nor	TU-16 Air drop	3	U-235	Hydrogen bomb
11/18/71	Lop Nor	Tower mounted	0.02	U-235	Tactical warhead
1/ 7/72	Lop Nor	Tower mounted	0.02	N.A.	Tactical warhead
3/18/72	Lop Nor	TU-16 Air drop	1	U-235	Atomic warhead
6/27/73	Lop Nor	TU-16 Air drop	3	U-235*	Hydrogen bomb
6/17/74	Lop Nor	TU-16 Air drop	0.5	N.A.	Tactical weapon
10/27/75	Lop Nor	Underground	0.2	U-235	Fission device
1/23/76	Lop Nor	TU-16 Air drop	0.2	U-235	N.A.
9/26/76	Lop Nor	TU-16 Air drop	0.2	N.A.	Tactical weapon
10/17/76	Lop Nor	Underground	0.2	U-235	Tactical weapon
11/17/76	Lop Nor	TU-16 Air drop	4	U-235*	Hydrogen bomb
9/17/77	Lop Nor	TU-16 Air drop	0.2	U-235	Fission device
3/15/78	Lop Nor	Tower mounted	0.2	N.A.	Fission device
10/14/78	Lop Nor	Underground	0.05	N.A.	Fission device
12/14/78	Lop Nor	TU-16 Air drop	0.02	N.A.	Tactical weapon

*also contained plutonium

Source: Chen Yu-Cheng, "Changes and Impacts of Communist China's Policy of Science and Technology," a paper presented to the 7th Sino-Japanese Conference on Mainland China (Taipei, March 29-April 3, 1979); Wang Chi-Wu, "Communist China's Military Preparedness and Security Policy—A Preliminary Analysis in the Light of the 1979 Vietnam Border War"; The official listing by *New China News Agency* (NCNA), September 24, 1979, in *Foreign Broadcast Information Service PRC* (FBIS), no. 186, p.L15, omits three tests, two of which were known to be partial failures.

nerstone of China's defense policy; during the transition, it served as a counterweight to technological inferiority and a means of rallying the morale of the troops and civilian population in the face of external intimidation. And although the balance is now gradually shifting with the development of nuclear weapons, these twin elements still form the basis of defense. As one senior military leader recently reiterated, "Comrade Mao Zedong's basic principles for directing wars are still applicable under today's objective conditions."⁶

NUCLEAR CAPABILITIES

The early embodiment of nuclear deterrence into China's defense thinking corresponds with its long history of nuclear testing and weapon development.⁷ After Soviet assistance to China's nuclear program

⁶*Summary of World Broadcasts*, British Broadcasting Corporation, FE/6023/BII, p. 5.

⁷While frequently rejecting Western ideas and theories about deterrence, the Chinese concept of deterrence, which is translated as *hezu lilian* (literally: the power to force inaction by frightening), can be simply embodied within pre-existing notions of war and politics: to win victory without fighting a war is the best strategy (*bu jan er churen zhibing*).

ended in 1960, Western-trained Chinese scientists continued to supervise progress and, in October, 1964, successfully tested a 20 kiloton (KT) atomic bomb.

Apart from displaying potential retaliatory capability, one notable feature of this first test was its indication that China could extract fissionable U-235 and produce tritium, a basic component of hydrogen bombs. Indeed, after four more atomic tests delivered by aircraft or Soviet SS-4 medium-range missiles (implying the perfection of a nuclear device compact enough for airborne delivery), China's first hydrogen bomb was dropped by a high-flying TU-16 in June, 1967. Since then, five more H-bombs have been tested, all in the three to four megaton range. Concurrently, low-yield atomic tests of 20 KT adaptable to missile warheads were also being conducted. By December, 1978, there had been 25 detonations, all at the Lop Nor test site, using enriched uranium U-235 but with traces of plutonium in at least three: 15 were air-dropped, 5 were tower-mounted, 4 were exploded underground, and one was delivered by medium-range missile (See Table 1).

China now has a combined estimated total of

between 225 and 300 fusion and fission warheads, with most of the former in the 3-4 MT range and the latter in the 20-40 KT range. While it is uncertain to what extent battlefield (tactical) nuclear weapons will be developed to utilize these, in terms of strategic weapons the People's Republic of China (PRC) is known to possess one Golf-class diesel-powered ballistic missile submarine, built in 1964 with three missile tubes (although still unarmed); in addition, several CSS-1 liquid-fueled medium-range ballistic missiles (MRBM's) have been operated in the north-east and northwest with a range of about 1,000 kilometers and between 40 and 50 of these are now deployed; over 50 CSS-2 intermediate-range ballistic missile launchers (IRBM's), single-stage liquid fueled missiles with an estimated range of 2,500 to 4,000 kilometers are also deployed in caves; there are others in steel-concrete silos; furthermore, China has two CSS-3 multi-stage intercontinental ballistic missiles (ICBM's) with a limited range of 6,400 kilometers; after a lengthy gestation period, two full-range ICBM's (CSS-X-4) were also test fired into the Pacific in May, 1980.⁸

Finally, apart from this seaborne and land-based capability, China has an airborne capacity. This is comprised of medium-range to intermediate-range bombers: 80-90 TU-16's capable of carrying a payload of 6,600 pounds with a range of 1,650 nautical miles; 12 TU-4's with a payload of 10,000 pounds and a range of 1,500 nautical miles; 400 IL-28's with a payload of 2,200 pounds and a range of 550 nautical miles; and 100 TU-2's with a limited payload and range.

An overall quantitative summary of the known development of China's major strategic weapons from 1970 to 1981 is presented in Table 2. Although this inventory is transparent by superpower standards, given relatively severe budget and supply constraints the achievement is not inconsiderable. Furthermore, if these constraints continue to ease, nuclear choices will be increasingly enhanced in terms of quality and quantity, gradually enabling existing defense shortcomings to be eliminated.

While the maxim that defense expenditure should not impair the growth of the economy as a whole is a

⁸For information on the May, 1980, tests, see *Renmin Ribao Extra*, May 18, 1980, *FBIS*, no. 108, p. L13.

⁹Central Intelligence Agency, *China: In Pursuit of Economic Modernization*, ER 78-10680, December, 1978, p. 14.

¹⁰For the world average and defense expenditures for individual countries, see *World Military Expenditures and Arms Transfers, 1969-1978*, Table 1 (Washington, D.C.: U.S. Arms Control and Disarmament Agency, 1980).

¹¹Central Intelligence Agency, *China's Post-Mao Search for Civilian Industrial Technology*, ER 79-10020U, February, 1979, p. iii.

¹²Defense Monitor in Brief, "U.S. Arms and Technology for China?" *The Defense Monitor* 6, January, 1977, pp. 5-6.

¹³New China News Agency, April 12, 1978.

traditional facet of China's military modernization, this does not necessarily mean that defense has a low budget priority. Chairman Hua Guofeng has firmly upheld the principle that a strong defense needs a modern industrial base and therefore that spending should be held at a level that permits only essential modernization, making underutilized, military-controlled resources available for civilian industry;⁹ nevertheless, compared with a world average of 5.4 percent, the PRC's ratio of military expenditure to GNP since 1965 has been a weighty 8 to 10 percent.¹⁰

Judging by international ratios, then, China's defense outlays have a high priority. In absolute terms, of course, the Chinese annual military expenditure of around US \$30-\$40 billion still lags far behind current United States spending of approximately \$120 billion and Soviet expenditure of \$130 billion. However, because China's military budget proportion is greater than normal, and because projected GNP growth, at roughly 6 percent, is greater than most developed countries can reasonably expect, this expenditure gap will be reduced in the long term. On this reckoning, China will ultimately be able to catch up with the two superpowers.

But even with a more pliant budget, military adaptation would not be possible without a corresponding easing of supply constraints. To deploy a survivable and flexible deterrent system alone requires intricate planning and programming, organization and design, research and development, production and testing, which presupposes the availability of sophisticated equipment, skilled manpower, and strategic minerals and resources.

In terms of equipment, for example, several inter-related subsystems are necessary, including an effective radar, electronics for guidance and targeting, communications satellites, and specific types of computers and programs. While these complex technical requirements have not prevented progress, they have slowed it down; however, this obstacle can be partly circumvented, with a more pragmatic approach to Western science, involving a modification of China's self-reliance principle,¹¹ and access to "grey area" foreign technology. Indeed, the PRC has newly acquired two Control Data Corporation Cypher 172 computers from the United States for offshore oil research and earthquake prediction; it has also ordered Hitachi Hitac M170 and M160 computers from Japan for weather forecasting. These have direct military uses for missile guidance and anti-submarine warfare.¹² In addition, in early 1978, satellite communication was upgraded by the purchase of the Franco-German Symphony-A Satellite which can be applied to improve command, communication, and control systems.¹³

Foreign personnel and training have also sustained research and development. Until 1960, Russian spe-

Table 2: China's Nuclear Capability, 1970-1981

	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Submarine	1 G-Class Submarine with missile- launching tubes but no missiles	→	→	→	→	→	→	→	→	→	1 G-Class Submarine with missile- launching tubes but no missiles
Fission/ fusion weapons	120 (est)	→	150 (est)	200 (est)	200-300	200-300	200-300	225-300	→	→	225-300
MRBM	None deployed	deployed 20 (est) (range: up to 1,609 km)	20-30	50 (est) deployed	→	→	30-50 may be phased out	30-40 CSS-1 1-3 MT deployed	30-40 CSS-1	40-50 CSS-1	40-50 CSS-1 (range of 1,000 km)
IRBM	—	—	developed 15-20 (range: 2,414-4,023 km)	produced 15-20 (range: 5,633 km)	20-30	20-30 (range: 2,414-2,816 km)	20-30 (now operational)	30-40 CSS-2	30-40 CSS-2	50-70 CSS-2	50-70 CSS-2 (range of 2,500 km)
ICBM	—	—	—	being developed	being developed produced but not deployed	ready for deployment; ICBM with 12,875 km range being developed; not operational	ICBM with 5,633 km range now operational; ICBM with 12,875 km range still in development	ICBM with 5,633 km range may now be deployed; 12,875 km ICBM still in development	→	2 CSS-3 (limited range of 6,437 km)	2 CSS-4 (range of 12,000 km)
TU-16	Some	at least 30 (range 2,575 km)	100	100	100 (radius of action 3,219 km)	60	65	80	80	80-90	80-90
TU-4	Some	→	→	→	→	12	12	12	12	12	12
IL-28	150	150	200	200	200	300	300	400	400	400	400
TU-2	—	—	100	100	100	100	100	100	100	100	100

Source: *The Military Balance* (London: IISS, various years); *Jane's Weapons System*, 1977, p. 3-4; George Brown, *United States Military Posture for FY 1979*, p. 70; *Far Eastern Economic Review* (various issues); *Ming Pao* (March 8, 1979; December 20, 1979); and *Renmin Ribao* (RMRB) (May 18, 1980).

cialists were supervising progress, and about 40,000 Chinese scientists had received training in the Soviet Union at the Joint Institute of Nuclear Research. After the Sino-Soviet split the PRC turned to Europe for manpower training, and now the Chinese can also tap the considerable United States expertise. The nuclear program may be accelerated by these developments: as one analyst has aptly commented, "improved relations with the United States are . . . worth years and billions of dollars to the Chinese strategic effort."¹⁴ Furthermore, despite earlier setbacks in technological training and education in China, many issues have now been resolved and important institutes, like the Chinese University of Science and Technology, the Institute of Applied Physics, and the Academy of Military Science, are now increasing their undergraduate and postgraduate enrollments.¹⁵

While these constraints are easing, the supply position is ambiguous for strategic and critical minerals. Nevertheless, China's rich natural resources include the world's largest reserves of tungsten and considerable deposits of aluminum, antimony, bismuth, manganese, mercury, asbestos, barite, zinc, and talc.¹⁶ Hence Beijing has a credible chance of gradually fulfilling its aims for deterrence. The salient policy question is therefore how these growing advantages can best be absorbed.

Over the past two to three decades, the PRC has made substantial investments in more than 40 atomic plants, and the five major plants—Lanchow Gaseous Diffusion Plant, Lanchow Gas Centrifuge Plant, Yumen Atomic Plant, Pastow Atomic Plant, and Haiyen Nuclear Plant—can provide fissile materials for over 200 bombs and warheads per year.¹⁷ With this already considerable output capacity, the choice remains between developing survivable land-based, airborne or seaborne delivery systems.

Because attacks must be pre-targeted, ground mobility is, in principle, sufficient to give protection and survivability to a land-based system. And al-

though missiles can be moved cheaply by trucks, making this option attractive to a developing country, a fully mobile system requires well-made components to function reliably under the stress of constant movement. China's relatively limited number of MRBM's and IRBM's cannot completely satisfy these criteria, however, because they reportedly suffer from poor navigation and guidance systems and are of only marginal reliability.¹⁸ In addition, the increasing accuracy of Soviet ICBM's and the surveillance capacity of Soviet satellites make concealment more difficult.

China has recently test-fired two ICBM's into the Pacific, the culmination of a decade's effort (begun when the land-based system was considered less vulnerable), but this is unlikely to herald the emergence of a full-blown land-based deterrent. On the other hand, as a short-term measure to provide breathing space for alternative development, China is likely to continue to improve its existing capabilities by a modest increase in the number of its MRBM's to more than 100, reducing the likelihood of total elimination in a preemptive strike. An extension in the range of IRBM's to about 6,000 kilometers would threaten Soviet Eurasian cities like Orsk, Magnitogorsk and Kurgan, which are fairly densely populated; and a marginal stepping-up of the ICBM program would permit the penetration of European Russia.

An airborne system is not likely to be the major deterrent alternative, however. One of the main drawbacks in developing this option effectively is that it requires a parity in air force offensive and defensive equipment vis-à-vis adversaries. Since the Soviet Union possesses almost the most robust air defense and penetrating air strike capabilities in the world, China's existing air force could not possibly match it either in numbers or quality. China's primitive TU-16 bombers cannot be refueled in flight; penetration aids, electronic warfare and avionics equipment for accurate low altitude navigation are also lacking.¹⁹ In terms of defense, with the adoption of a no-first-use pledge,²⁰ the TU-16's or IL-28's would be sitting ducks for

(Continued on page 275)

Agatha S.Y. Wong-Fraser is the author of *China's Attitudes Towards Arms Control and Disarmament* (London: Macmillan, 1981), *Sino-Soviet Conflict in the Persian Gulf: A Case Study* (Washington, D.C.: University Press of America, 1981), *The Political Utility of Nuclear Weapons: Expectations and Experience* (Washington, D.C.: University Press of America, 1980), and *Symmetry and Selectivity in U.S. Defense Policy: A Grand Design or a Major Mistake?* (Washington, D.C.: University Press of America, 1980). She is also a postdoctoral research fellow at Harvard University's Center for Science and International Affairs, John Kennedy School of Government.

¹⁴Justin Galen, "U.S.'s Toughest Message to the U.S.S.R.," *Armed Forces Journal*, February, 1979, p. 32; Michael Pillsbury, "The Military-Security-Dimension of Recent Sino-American Relations," *Contemporary China*, Spring, 1978, pp. 13-20.

¹⁵Jon Sigurdson, "Technology and Science—Some Issues in China's Modernization," in *Chinese Economy Post-Mao, Vol. I*. (95th Congress, 2nd Session, Joint Economic Committee Congress of the United States, November 9, 1978), pp. 509-519.

¹⁶*Ibid.*, see tables on pp. 374-376.

¹⁷Leo Yueh-Yun Liu, *China as a Nuclear Power in World Politics* (London: Macmillan, 1972), p. 40.

¹⁸Harlen W. Jencks, "The Chinese Military-Industrial Complex and Defense Modernization," *Asian Survey*, October, 1980, p. 974.

¹⁹See for example, Angus M. Frazer, "Communist China's Aerospace Forces," in *Air Force*, November, 1976.

²⁰Chiao Kuan-Hua, *Speech at the Plenary Meeting of the U.N. General Assembly*, November 24, 1971.

"The stated American objective of welding China into the world community in a way designed to promote world peace and order is politically wise and commendable. But the Communist rulers of the People's Republic have what is for the most part a radically different world outlook. . . . The evolution of current American policy vis-à-vis China and Taiwan is a potentially explosive issue. . . ."

America's China Policy

BY O. EDMUND CLUBB

U.S. Foreign Service Officer (Retired)

IT has been a full decade since Republican President Richard M. Nixon undertook to reestablish official ties with the People's Republic of China (PRC); and it is over two years since Democratic President Jimmy Carter granted formal recognition to the Beijing regime—and simultaneously broke off diplomatic relations with the Chinese Nationalist "Republic of China" (ROC) on Taiwan, in December, 1978. Now, after an election campaign in which (as in 1952) "the China Question" was an issue (if, this time, a minor one), it seems timely to assess the American China policy, as related to both China and Taiwan, and in the context of other contentious forces in East Asia.

Such an analysis is best performed with reference to history. A Chinese saying puts the thought clearly: "The cart ahead is a mirror." In the realm of Chinese foreign policy, over the decades the record of the zigzag policy line of China's relationships with various foreign powers is strongly suggestive of policy vagaries ahead; and the history of United States foreign policy regarding East Asia also holds its lessons. In one respect, there is a striking contrast in the operation of the two foreign policies: in contemporary China there have been frequent radical shifts of policy, reflecting changing Chinese estimates of where the greatest gain may be achieved; in the United States, contrariwise, foreign policy decisions in the cold war era have all too often been made on the basis of domestic considerations, and, once made, have tended to become hard "commitments" that drag on well past their natural term.

These features became glaringly evident in the development of Sino-American relations soon after the end of World War II. The Pacific War had been waged with the United States committed to support Generalissimo Chiang Kai-shek's Chinese Nationalist regime against Japan, and it ended with Washington hopeful that the Chinese Nationalists and the Chinese

Communist faction led by Mao Zedong would be able to resolve their political differences to end China's civil war. But with the failure of American attempts at mediation,* the war between the Nationalists and Communists was resumed. American leaders then faced a policy decision. Should the United States continue an unbending support of the failing Nationalists, or should they adopt a more flexible attitude because of the possibility that the revolutionary Chinese Communist forces might prove successful? In 1947, the cold war between the United States and the Soviet Union began; and in China, American policy began to take a more pronounced tilt toward the Nationalists.

But even as late as 1949, when the Communist victory over the Nationalists had become practically certain, the die was not yet cast. Outwardly, the Communists manifested strong hostility toward the United States, but they were sufficiently "Chinese" to want to avoid subordination to any one other power, however close superficially in ideology. And they knew that the Soviet economy was weak after four years of fighting the Germans; thus they understood the desirability of obtaining economic aid from the United States, if possible, as well as from the U.S.S.R. On June 1, 1949, Chinese Premier Zhou Enlai sent an indirect message to a United States government representative in Beijing expressing the Chinese Communist desire to have political and economic relations with the United States as well as with the Soviet Union.¹ The United States endeavored to put its response into more direct channels, and the move was aborted. On June 30, Chairman Mao Zedong issued his critical "leaning-to-one-side" statement; since China could not expect aid from the "imperialist" powers, it would lean to the side of the Soviet Union. On that same day, however, American Ambassador J. Leighton Stuart reported to the Secretary of State that he was in receipt of what was evidently a "veiled invitation" from Mao Zedong and Zhou Enlai to visit Beijing and meet with them. On the following day, July 1, Secretary of State Dean Acheson instructed the Ambassador that "in no circumstances" was he to make the trip. Ambassador Stuart left Nanjing to

*President Harry Truman sent General George Marshall to China in 1946 to mediate the Communist-Nationalist dispute.

¹*Foreign Relations of the United States (FRUS), The Far East: China*, vol. 8, 1949, pp. 357-60.

return to Washington, D.C., in July. Still, when the new Central People's government was formally established in Beijing on October 1, it invited the United States, like other countries, to enter into formal diplomatic relations. But pro-Nationalist sentiment still ran strong in United States government circles, and especially in the Congress, and the administration delayed action on the recognition issue.

In December, 1949, Mao Zedong undertook his first trip abroad—to Moscow. Back in Beijing, in January, 1950, the local police authorities “requisitioned” the former barracks of the United States Marine Legation Guard, which (as the Chinese well knew) housed the Consulate General and other United States government offices. There had been a series of other painful incidents involving official and private American interests in the course of Mao's “Third Revolutionary Civil War”; some consular offices had already been closed. With the latest development, Washington decided on a complete break. By the end of April, 1950, all remaining diplomatic and consular personnel had been withdrawn from China, and for the first time in over a century the United States was left without diplomatic ties there.

The field had thus been left to the Soviet Union. In the meantime, after long negotiations in Moscow, Mao had succeeded in negotiating a treaty directed against Japan and any country allied with it. (That treaty was allowed to expire in April, 1980, after the grant of American recognition.) With Washington viewing the People's Republic as a willing Soviet lackey, the Sino-American cold war began in earnest. The Korean War broke out in June, 1950; the United States intervened promptly on the side of President Syngman Rhee's South Korea to contain “world communism,” and in October the Chinese intervened on the side of North Korea. Subsequently, in May, 1951, an American military mission visited Taiwan for the purpose of launching a program to rebuild Nationalist military capabilities, although Washington had earlier been resigned to the eventual Communist conquest of the island after Chiang Kai-shek fled there with his defeated Nationalists. By terms of the peace treaty signed with Japan in September, 1951, Taiwan was detached from the Japanese empire but was left with its ultimate legal status undetermined: “China” did not recover the sovereignty it had lost over the island in 1895.

The Korean War was halted by the truce agreement of July, 1953. In November, 1953, Chiang Kai-shek and Syngman Rhee joined in a communiqué calling upon the “free” countries of Asia to create a united anti-Communist front and asking other “freedom-loving nations” to support that front. And indeed about a year afterward, in late 1954, President Dwight Eisenhower entered into a mutual defense pact with Chiang's regime which, ratified in March,

1955 (during the first “Formosa Strait crisis”), committed the United States to the defense of Taiwan and the Pescadores. That treaty was abrogated by President Carter's action of December 15, 1978.

With the development of other American ties to Japan, South Korea and the Philippines, the PRC was effectively “contained” in the West Pacific. The second “Formosa Strait crisis” erupted in 1958, whereupon the United States dispatched naval and air forces to the region to bolster the Chinese Nationalists. The break in Sino-Soviet relations, bringing the withdrawal of Soviet advisers and economic assistance from People's Republic, occurred in 1960. Nonetheless the United States, riveted to its self-assigned mission of containing Chinese communism, in 1961 began a fresh intervention in a new sector bordering on China; and that misguided venture expanded into our Vietnam War. The United States waged that war until 1973, and withdrew, defeated; in 1975, North Vietnam took over South Vietnam. And the People's Republic of China and the Soviet Union, in their separate “Communist” ways, had both supported the North.

A POLICY SHIFT

In the meantime, in the summer of 1969, another American Republican President, Richard Nixon, had proclaimed the so-called Nixon Doctrine, proposing in effect that although the United States was determined to maintain its power position in Asia there would be no extension of the Vietnam War. In short, Asians should fight Asians. Beijing could perceive a diminution of the direct American threat to the PRC and apparently thought that the time was ripe for a geopolitical shift. In December, 1970, when the Vietnam War was patently stalemated, Mao Zedong entrusted to a journalist a message that he hoped would reach the United States government: he told visiting writer Edgar Snow that he would entertain a visit to Beijing by President Nixon, the better to resolve outstanding problems in Sino-American relations. In July, 1971, Secretary of State Henry A. Kissinger made a secret trip to Beijing to arrange for the Nixon visit.

President Nixon made his historic journey to Beijing in February, 1972, and the joint communiqué issued in Shanghai at the end of the President's visit on February 27 marked the real beginning of Sino-American rapprochement. But there was no agreement on the Taiwan question, so the two countries issued separate statements, with Beijing holding that “the liberation of Taiwan is China's internal affair,” while the United States reaffirmed its interest in “a peaceful settlement of the Taiwan question by the Chinese themselves.”

It was primarily the issue of Taiwan that blocked early implementation of the plain intent of the two

countries to reestablish diplomatic relations. Taiwan was an issue on which Beijing would accept no compromise; and the sentiment among Nationalist supporters in the United States—and particularly in the United States Congress—was so strong that American acceptance of those conditions could be expected to create a furor.

"Open covenants openly arrived at?" Even as the 1971 Kissinger trip to Beijing had been made without prior consultation with Taipei (not to mention Tokyo, Seoul or Manila), so too was President Jimmy Carter's move of December, 1978, recognizing Beijing. In fact, not even Congress was consulted in advance with regard to the projected shift in the American China policy. Understandable, indignant resentment was voiced in both Taipei and Washington; and the Taiwan question was subsequently given a peculiarly American definition by the Taiwan Relations Act of April, 1979, providing *inter alia* that the United States would

consider any effort to determine the future of Taiwan by other than peaceful means, including by boycotts, or embargoes, a threat to the peace and security of the western Pacific area and of grave concern to the United States.

So the United States would continue to provide Taiwan with "arms of a defensive character"; and, in the event of a threat to the security of the people of Taiwan "and any danger to the interests of the United States arising therefrom," the United States would determine what action might be appropriate. The American commitment to Taiwan had actually been expanded.

It was on that broad basis that the new American relationship with China was constructed in 1979 and the first half of 1980. Mid-1980 marked a time of potential change within China and in Sino-American relations, too. In China, the "reassessment" of the country's economic program was continuing, spelling distress for various foreign entrepreneurs. In the United States, a presidential election campaign was going forward.

At this juncture, in July, 1980, on the occasion of a memorial service for Japanese Prime Minister Masayoshi Ohira, President Carter and Chinese Premier Hua Guofeng met in Tokyo. In a televised interview before the informal meeting, President Carter said that good relations between the United States, the People's Republic, and Japan should not be used as a threat against the Soviet Union. After the meeting, a spokesman for the President said that the two sides had manifested a convergence of views with respect to the situation in Asia.

Not long afterward, there was a perceptible shift in

the American position. On August 31, Vice President Walter F. Mondale concluded a week-long visit to China in the course of which American officials pointedly stressed that an evenhanded approach to China and the Soviet Union—the Carter administration's previous public position—did not signify a mechanical one-for-one American relationship with the two Communist powers. In fact, the difference in American approaches to the two Communist countries was becoming ever clearer. In September, 1980, China sent a 21-man mission to Washington, and on September 17 in the White House Rose Garden, representatives of the two nations signed four agreements with respect to civil aviation, maritime transport, the textile trade, and consular services. In opening remarks, President Carter said that the signature of the agreements would complete the process of normalization of relations between the two countries and characterized that relationship as "a new and vital force for peace and stability in the international scene."

It was under these circumstances that the American presidential campaign of 1980 was waged. Republican presidential candidate Ronald Reagan was critical of the Carter China policy and said that, if elected, he would undertake to restore official American ties with Taiwan. Understandably, Beijing manifested deep displeasure, and in due course the Reagan forces found it desirable to despatch vice presidential candidate George Bush to Beijing to soothe Chinese tempers. He arrived on August 20 and invited his hosts' attention to the fact that the Republican platform "calls for strengthening relations with and continuing to improve relations with the People's Republic of China." Nonetheless, he was told bluntly by Foreign Minister Huang Hua on August 21 that

We hold that any remarks and comments which have the effect of retrogression from the current, the present, state of Sino-United States relations would do harm to the political basis on which our relations have been built and would be detrimental to the interests of world peace.²

Subsequent seemingly contradictory developments in the field of Sino-American relations all merged into a comprehensible general pattern. Following an earlier visit from Defense Secretary Harold Brown, William J. Perry, the Under Secretary of Defense for Development, Research and Engineering, arrived in Beijing on September 9 at the head of a large mission, stating that the purpose of his visit was "to assess the Chinese ability to assimilate U.S. technology," and noting that "I don't expect to be discussing arms sales with China." However, the next day, he announced that the Chinese had sought permission to buy United States weapons, but said that he had told the Chinese that the Carter administration held to its restrictions on arms sales. Nonetheless, Perry said that he ex-

²For a fuller exposition of the Chinese view, see An Ding, "No Compromise on Questions of Principle," *Beijing Review*, September 1, 1980, pp. 9-10.

pected some sales of military equipment and technology within a few months.

By an agreement signed in Washington, D.C., on October 2, 1980, the American Institute in Taiwan (Republic of China, ROC) and the Taiwan Coordination Council for North American Affairs effectively granted traditional diplomatic privileges and immunities to officials of the two bodies. Through a commentator's article in the *People's Daily*, Beijing protested what was in effect a partial adoption of the Reagan position; but the State Department described the protest as routine and said that there was no danger to the growing ties between the two countries. And indeed on October 22, in Beijing, United States Ambassador to China Leonard Woodcock and the Chinese Minister for Foreign Trade, Li Qiang, signed an agreement committing China to the purchase of six million to eight million metric tons of American wheat and corn per year for the four years 1981 through 1984.

A "NEW" AMERICAN CHINA POLICY?

At the National People's Congress in September, 1980, Zhao Ziyang had been elected to succeed Hua Guofeng as Premier. And Deng Xiaoping had given up his post as Vice Premier, while retaining the position of Vice Chairman of the Chinese Communist party (CCP). These power shifts were not expected to bring any change in China's domestic or foreign policies. In November, Ronald Reagan was elected President of the United States. Would this accession to power bring major change in the American China policy? President Reagan was publicly committed to the position that Taiwan should be accorded a higher position in the American world view. But his administration took office committed also to the thesis that the Soviet Union was an expansionist power that deserved confrontation, and China had long been stressing the same argument. In the event, the new administration did not pursue the Reagan campaign line with regard to Taiwan. And Beijing did not press its complaints.

The reason was clear enough: both sides saw the promise of economic profit in a new Sino-American relationship, and both sides viewed that relationship as offering potential leverage for their respective struggles with the Soviet Union. United States Secretary of State Alexander M. Haig Jr. reportedly urged President Reagan as a matter of priority to give assurances to Beijing of his administration's commitment to the normalization agreements of December, 1978, and in the meantime to do nothing to enhance Taiwan's status. Subsequently, with an imposing entourage of prominent American officials, on March 19, 1981,

President Reagan met with Chinese Ambassador Chai Zemin and the deputy director for American affairs of the Chinese Ministry for Foreign Affairs. White House officials took pains to emphasize that the President still intended to strengthen ties with Taiwan within the confines of the Taiwan Relations Act of 1979, but the meeting apparently quieted troubled waters. The rapprochement process was under way.

THE TAIWAN CONNECTION

Beijing, of course, regards the current status of Taiwan as transitional, and unacceptable for a longer term. China's official position is that it is prepared to grant time for Taipei to negotiate the ways and means of amalgamation. It has adopted a conciliatory formal policy position: the Taiwan regime must renounce all claim to being the government of all China but it may retain its social and economic system and its standard of living (which is many times higher than that enjoyed by mainland citizens), and it may retain a measure of political autonomy and even keep its own armed forces. Meanwhile, Beijing views the Taiwan Relations Act as an unwarranted American interference in China's internal affairs and reserves for itself the ultimate right to resort to force, if Taipei proves obdurate, to effect the reunification of Taiwan with the mainland.³

It is unlikely that in the visible future Taiwan will renounce the pleasurable realities of the existing order for the uncertainties of a future in Beijing's jealous embrace. There is no guarantee that if Taiwan becomes in actuality a province of the People's Republic of China, Beijing will observe its promises of favored treatment; whereas at present the American protective wing is a strong guarantee that Taiwan can enjoy continued peace and prosperity.

Taiwan's current economic position is sound. The island has favorable balances of trade with all countries except Japan, Saudi Arabia and Kuwait. In the years 1979 and 1980, while sour notes crept into China's business relations with foreign entrepreneurs, Taiwan developed an increased attraction for foreign businessmen. After the break in American diplomatic

(Continued on page 280)

O. Edmund Clubb, a contributing editor of *Current History*, spent 18 years in China with the United States Foreign Service. In the postwar period, he was Consul General in Mukden and Changchun in Manchuria, and, from 1947 to 1950, in Beijing. From 1950 to 1952, he was director of the Office of Chinese Affairs in the Department of State. Mr. Clubb is the author of *Communism in China, As Reported from Hankow in 1932* (New York: Columbia University Press, 1968), *China and Russia: The "Great Game"* (New York: Columbia University Press, 1971), and *20th Century China* (New York: Columbia University Press, 3d ed., 1978).

³For an explicit exposition of China's position with respect to the American-Taiwan relationship, see "U.S. 'Taiwan Relations Act,'" *Beijing Review*, January 12, 1981, pp. 9-11.

"China's discontents and problems are not easily exorcised by ritual immersions in political education and another round of revolutionary vigilance. Two basic remedies are needed: a restoration of faith and tangible improvement in the individual's material condition."

The Hundred Flowers of Discontent

BY JAN S. PRYBYLA

Professor of Economics, The Pennsylvania State University

THE Chinese press has given much attention lately to a phenomenon that apparently afflicts wide sections of Chinese society—a “crisis of faith” (*xinyang weiji*) that includes ideological confusion, loss of a sense of direction and purpose, impatience with current conditions, a widespread feeling of having been tricked, laxity of manners and rebelliousness. Most important, the crisis indicates a loss of confidence and trust in the system, the party, the leadership, and the people.

The crisis is not peculiar to China: it is common to all state socialist societies, although it is better repressed in some (the Soviet Union) than in others (Poland). But in China the loss of faith affects more people and has characteristics specific to the Maoist experience. Nor has the crisis appeared without warning (recall the Hundred Flowers incident of 1957).¹ What is new are the more varied expressions of discontent, a deepening disillusion, and the party's admission that it bears the major responsibility for the crisis. Response to the questions of visiting foreigners is still often programmed, but critical comments may be obtained without much trouble.

The fundamental cause of the crisis of faith lies in Marxist-Leninist ideology and the dictatorial (Stalinist and neo-Stalinist) policies that emerge from

¹The “Hundred Flowers” campaign was a brief affair lasting about six weeks, from April to early June, 1957. The intent was to encourage open expression of differing opinions and debate by and among both party and nonparty people, the latter drawn mainly from academic, scientific, and national bourgeois communities and from the ranks of the united front noncommunist parties. The Hundred Flowers bloomed with a vengeance. Criticism of the party and the system was bitter and widespread. In the summer of 1957 the campaign was terminated and the hundred flowers were trampled underfoot or uprooted as “poisonous weeds” in the socialist garden.

²“Socialism is a product of machine-building industry. The machine-building industry invariably requires not only the absolute obedience to the unity or will of the leaders in the course of work, but also the observance of the strictest discipline.” Dai Yun, *Hongqi*, no. 9 (1980), pp. 36-41, in *Foreign Broadcast Information Service (FBIS)*, May 23, 1980.

³Chou Shuchun, “The Material-Technical Supply Plan,” *Chi-hua Ching-chi* (Economic Planning), no. 10 (1955), in Nicholas R. Lardy, ed., *Chinese Economic Planning* (White Plains, N.Y.: M. E. Sharpe, 1977, 1978), p. 58.

this ideology. The derivative cause is Maoism: a particular annotation of Marxism-Leninism. Maoism has been described in the past as Marxism-Leninism “applied to the concrete conditions of China.”

Marxism-Leninism rests on four foundations: the relativity of truth; class conflict; antagonism; and the emasculation of the individual conscience. The dialectical method considers truth to be an ever-changing object, the historical trajectory of which can be perceived only by the most advanced section of the proletariat; that is, in practice, by Communist party bureaucrats. Hence the abrupt changes and somersaults in the officially proclaimed truth, the 180° turns in the party line, which cannot be absorbed without psychological damage by even the most dialectically conditioned and conformist minds (and which sooner or later come to be called lies by ordinary people). Historical materialism views the progress of human societies as a succession of class conflicts (the class being narrowly defined). Human advance is equated with violent confrontation. The view was translated in the Soviet Union by Joseph Stalin into “class warfare” in the countryside, and in China by Mao Zedong into “new democratic land reform,” both of which translations resulted in millions of deaths. In the schema of Marxist thought, the individual is caught up in epoch-making historical movements of great masses of contending men; he can fulfill himself only through the mass, specifically, through socialized labor.

From this to the Leninist principle of democratic centralism is an easy step: “The individual must obey the organization; the minority must obey the majority; the lower levels must obey the higher levels; and the whole party must obey the Central Committee” (and—although this is not articulated—the Central Committee must obey the supreme leader).² It is an even shorter and easier step to arrive at the Stalinist conclusion that “if after an overall tapping of resources [by the central planners] the needs can still not be satisfied, then we must reduce the needs. However, the reduction in needs must be in line with the party's policies Between the production of producer goods and the production of consumer goods, we should first reduce the needs of consumer goods production.”³

To promote personal fulfillment through socialized labor, the system decrees that "he who does not work, neither shall he eat." But the wages of work are set in accordance with the principle of democratic centralism and in conformity with the doctrine of "rational low incomes." In a world monopolized by the party, where great historical conflicts between masses of men unfold, the spiritual interests of the private person and the material interests of the individual consumer are bound to suffer.

The derivative cause of the present crisis of faith in China is Maoism, especially Maoism's most cherished product, the Cultural Revolution, the concentrated expression of the universal foundations of Marxist-Leninist theory and policy. This was not an ideological aberration, a by-product of a runaway "personality cult," or an old man's cruel whim. It was an extreme, localized manifestation of loose-jointed ethics, relativized truth, class struggle, hate, and the collectivization of the self. "For ten years lies inundated our party and the political, economic, cultural, and other social sectors." "Historical facts were turned upside down" (but which way is up and which way is down?).⁴

"The party's prestige among the people has been greatly impaired." "Communist party members and revolutionary cadres should take the initiative in telling the masses of people: 'There is dirt on our faces; some of us have a thick layer of dirt and the people are welcome to help us wash our faces.'"⁵ But how do masses of people "concretely," as the Communists say, help a party member or revolutionary cadre wash the dirt off his face? The impossibility of the task and the gnawing suspicion that the whole system is built of dirt have led to discontent, cynicism or despair.

To provide a cure for the disorientation of the masses and cadres and an antidote to the secularization of the lofty socialist message, the party proposes more ideological instruction; the addition of a fifth modernization—socialist spiritual civilization, and reliable old-fashioned patriotism. The term "socialist spiritual civilization," says Vice Premier Deng Xiaoping, refers not only to education, science and culture, but also to Communist ideology and discipline, morality and comradely relationships among people—the very attributes that are the subject of the present discontents. A recent poll taken at Fudan University, once the stronghold of the leftists, showed that almost as many students said they believed in nothing as said they believed in socialism.

Nonetheless, for most people, China is an entity with which they can instantly identify; indeed, they

are prone to cling to it with xenophobic eagerness. Thus, the party is trying to harness the forces of nationalism and patriotism, including the restoration of historic monuments vandalized during the Cultural Revolution.

Problems of morale ranging from passivity and pessimism through skepticism, cynicism, disillusionment and disaffection to despair and rebellion affect (and have affected, but more covertly) the party and government cadres, and the population at large; the power elite, and the rest. Within each of these groups the precise reasons for the trouble differ widely.

Within the ranks of the elite, a useful distinction can be made between the professional "reds" (guardians of the shifting party orthodoxy) and the "experts" (planners, ministry officials, and enterprise managers). In the ranks of the masses, a useful breakdown separates older and younger people. A crucial subgroup of the older people consists of established intellectuals (those in their mid-forties and older), among them those whose social origin (class category) or formal educational experience was labeled "incorrect" by the regime.

PROBLEMS FACED BY PARTY AND GOVERNMENT ELITE

The problems of the party and government elite are caused by monopolistic privilege, ideological disorientation, and incompetence. The first cause, monopolistic privilege, is a constant of Marxist-Leninist systems. There have been occasional hot-house flowerings of alternative philosophies and united front alliances with those at the margin of the official system of beliefs. But the party, now as always, has a monopoly on truth, and only party officials are allowed to translate that truth into policy. Beyond a certain tolerance—which varies over time because of external pressures and the composition of the leading personnel—alternative philosophies are eliminated: overnight they lose their quality of fragrant flowers and turn into noxious weeds in the socialist garden. The hundred schools of thought that briefly contended in public in 1957 became "rightist" one chilly morning, a fatal designation that after more than 20 years has still not been fully lifted from all the victims, surviving or dead. Party membership and rank are not an insurance against a purge (i.e., former Head of State Liu Shaoqi and former General Secretary of the party Deng Xiaoping, and now the gang of four whose error was being "leftist"). What matters is to control the reins of power, which endow those in charge with enormous advantages. The result, in the words of a chastened *Beijing Wanbao*, can be "fascist despotism and national nihilism." Its symptoms are arrogance ("commandism"), arbitrariness, voluntarism, lack of accountability to the masses, and—at a more mundane level—favoritism, nepotism, corruption, and a

⁴ *Renmin Ribao*, June 13, 1980, in *FBIS*, June 26, 1980; *Renmin Ribao*, January 23, 1980, in *FBIS*, February 11, 1980.

⁵ *Hongqi*, no. 12 (1980), in *FBIS*, July 3, 1980; *Banyue Tan*, no. 14, November 25, 1980, in *FBIS*, November 26, 1980.

propensity to line one's pocket at public expense.⁶

The problem is endemic to all bureaucracies, public as well as private. But it is most acute in unrestrained public bureaucracies, in systems in which everything—from the distribution of national income between consumption and investment to the fixing of the price of a bowl of noodles or the choreographing of a ballet—is concentrated in the hands of self-appointed, self-renewing nonrepresentatives of the people. The condition cannot be cured by the administrative expedient of abolishing lifelong tenure for cadres (as has been done in post-Mao China) because power can be exercised from the sidelines. It can only be remedied by effective decentralization, that is, by power-sharing with other, outside organized formations, including households, independent firms and labor unions, and people as citizens and creative beings. And this the system is incapable of doing, even if groupings within the monopoly party might be inclined to try it.

Intraparty competition for privilege gives rise to more or less muted factionalism among the elect, made more restless and lethal by frequent changes in the definition of official orthodoxy. Ideological disorientation among those charged with expounding the latest party line is understandable. A few years ago, for example, for peasants to become more affluent was regarded almost as a counterrevolutionary offense. Today, rural households that rapidly build up family fortunes are commended and given awards by county party committees. In 1974, Mao's *The Foolish Old Man Who Removed the Mountain*, a tale of self-denial, perseverance and the victory of correctly inspired mind over objective matter, was required reading in economics at Beijing University, next only to *Das Kapital*. Today *The Foolish Old Man* is described as an "imbecility," together with other yarns spun by the now discredited "blood-and-sweat school of economics."

The Dazhai production brigade was for years lauded as a model of hard work and self-reliance. Dazhai, it now transpires, was a swindle. It falsified its books and lived off under-the-table government

⁶"Some of our comrades think of their own interest first in the face of financial gains. . . . Some of them care about their own fame and financial gains, fight for higher positions and grades, and crave higher salaries. . . . Some of them make use of their official positions to seek special privileges, secure advantages through the pull of influence, exploit public office for private purposes, harm public office to benefit themselves, seek to gain private interests, and so on." Song Renqiong, Secretary of the Central Committee, CPC, Beijing Radio, June 28, 1980.

⁷That the Dazhai model was a fraud had been conclusively demonstrated by Hong Kong analysts years ago on the basis of refugee accounts.

⁸"Some comrades still have misgivings of one kind or another. Although they say they support the party's policies, they do not dare take bold action to carry out the policies, and they always appear rather fearful." *Qinghai Ribao*, June 21, 1980, in *FBIS*, July 1, 1980.

handouts.⁷ The resultant mental confusion strengthens bureaucratic propensities. It produces fear of future retribution by the now cowed but still breathing guardians of a different truth, encourages the cadres' preoccupation with the good life as long as the current line holds, and leads to hedging one's bets: in the official jargon, to "ossification" or "semi-ossification"; in short, to passivity by those whose job it is to act.⁸

Members of the elite who were projected ("helicoptered" is today's derisive term) into positions of responsibility during the Cultural Revolution resent the present secularization, materialization and professionalization of the party's line and see it (not without some self-conscious self-justification) as a betrayal of socialism. They either drag their feet, play possum, or surreptitiously oppose the new standards and policies. Fully half the party's membership is made up of such types.

Mixed with offended redness and a self-righteous disdain for the current regime's "revisionism" is the helicoptered cadres' sense of professional insufficiency or incompetence. Their primary credentials are ideological, and the ideology they know best is now in official disfavor. According to one report, less than one-fifth of the workers in finance have any formal financial training. Many have been shunted aside or demoted to positions where they can do less harm. Their expertise is marginal or nil and their ideological credentials are suspect. The problem extends beyond party and government ranks to university campuses, where the Cultural Revolution's worker-peasant-soldier holdovers are given a hard time by the new generation of examination-oriented freshmen. The sheer number of such intellectually underprivileged people is staggering.

PROBLEMS AMONG THE YOUTH

There is unrest among sectors of China's youth, including those urban young people who were sent to the countryside for what was meant to be permanent settlement because there were no jobs for them in the cities. Between 16 million and 18 million youths were affected. Many of them have returned to the cities and now make up the core of the unemployed. They are encouraged to find jobs in the urban cooperative sector (where pay is poor and fringe benefits are nil) or to set themselves up in business, especially in the service trades that were notoriously neglected in the past. These unemployed returnees from the countryside (many no longer young) are reinforced by recent middle school graduates who have not been assigned to urban jobs by labor bureaus or who did not manage to get into college.

College admissions are now regulated by strict examination, and only a very small proportion of those who take the exams are actually admitted. For

many young people, passing the examinations has become an obsession. (One of the complaints made by the worker democracy activists in 1979-1980 was that they lacked support from the intellectuals, young and old alike, whose main preoccupation was with examinations.) But passing is not enough; only the top few percentiles get in.

The urban unemployment problem among youth is described by the authorities as "massive." At the end of 1979, urban unemployment in Jiangxi Province was put at 260,000, and another 100,000 were added in 1980. There was also considerable underemployment. The provincial authorities insisted that the influx of people from the countryside into the cities had to be stopped and reversed. In Jiangxi, and in other provinces as well, urban factories use sizable numbers of temporary workers recruited in rural areas because they are paid less, receive few if any fringe and social benefits, and can be fired at a moment's notice. Among the employed, the lack of personal control over one's job assignment and the absence of labor mobility, as well as frequent misemployment (assignment to a job that has little to do with one's training, skill level or preference) lead to unhappiness and complaints.

Unemployment among the young is one of several reasons for urban crime, which ranges from petty theft to bank robberies and gang rapes. "Harbin," says Yang Yichen, First Secretary of the Heilongjiang provincial party committee, "was a beautiful city. Due to the interference and sabotage of Lin Biao and the gang of four [a *passé* analysis] the city has become dirty and lawless and full of sin."⁹ The most precious and irretrievable years of early learning when lifetime habits are formed were lost for large numbers of children caught in the turbulence of the Cultural Revolution. For many, now in their twenties, mindless factionalism, anarchy, nihilism, rowdiness, vandalism and disrespect for persons and property were about the only training they had as children. Then came the rude awakening in rural exile and unemployment in the cities. In 1979, 73 percent of detected crimes were committed by young people and children, up 4 percent from the year before.

The offspring of leading officials, China's "golden youth," apparently constitute a not insignificant segment of juvenile delinquents. In Changchun, "seven children of high municipal cadres formed a terrorist gang which raped ninety-two girls and held up people with knives." The *Chinese Youth Daily* (June 21, 1980) commented: "Many leading cadres ignore the law; in their minds the law is for commoners, not for princes."

Black marketeering has apparently also risen in

⁹Harbin, Heilongjiang Radio, February 17, 1980, in *FBIS*, February 20, 1980.

¹⁰Beijing Radio, April 26, 1980, in *FBIS*, April 29, 1980.

volume. To counteract illegal foreign currency dealings, the government last year introduced foreign exchange certificates for use by foreigners and banned the circulation of all foreign currencies in the country. However, "speculation, profiteering, black marketeering, gambling, feudal superstition, and other law-breaking activities" continue to keep the police busy.

Some of these activities are illegal under China's laws, but they are not necessarily immoral under any reasonable definition of morality and are not perceived to be immoral by many Chinese. Many people see the new stress on materialism, including the pursuit of happiness through imaginative individual entrepreneurial ventures, as an ethical permit to enter into voluntary lateral contractual arrangements to buy and sell goods and services without the explicit consent of the state and party. In nonsocialist countries, such horizontal, direct buyer-seller arrangements are a normal feature of the economic system. But in China the law has not caught up either with reality or the thaw in Maoism's puritanical ethical codes. Thus many private exchange transactions that lower the mountains of unsold inventories and unclog supply channels are still regarded by the enforcers of socialist legality as profiteering, black marketeering, gambling (i.e., risk-taking), and other law-breaking activities.

The drafters of law and the public security organs cannot conceive that individual demand expressed in the market is legitimate and that supply should react to demand without the intervention of planners. Private (even cooperative) supply activity is all right when it uses "bits and pieces left over by big industry."¹⁰ Prices on peasant markets may be free but cannot be "exploitative" (that is, high enough to clear the market); it is fine to satisfy people's demand for goods, but the goods cannot be vulgar, corrupting or superstitious, according to the community standards set by the party. One problem brought to light by a discussion in the columns of Shanghai's *Wen Hui Bao* (June 12, 1980) consists of "feudal superstitious activities. . . . A handful of unlicensed actors performing and publicizing feudal poison, and even unhealthy plays propagating sex and violence, and such decadent songs as 'When Will You Return?' [are] fashionable again."

To counter the subversion of popular musical culture, the General Political Department of the army issued a circular on singing revolutionary songs. Twelve songs are officially recommended. "The barracks have echoed to the splendid revolutionary songs.

(Continued on page 274)

Jan S. Prybyla is the author of *The Political Economy of Communist China* (New York: Intext, 1970) and *The Chinese Economy: Problems and Policies* (University of South Carolina Press, 1978, 2d revised edition, 1981).

"The oscillating pattern of Deng's advance through 1978, his retreat in the spring of 1979, his advance through 1980, and his retreat again in the early months of 1981 suggest that while there is a broad leadership commitment to fundamental political reform for China's overall modernization, serious disagreement remains with regard to the scope and pace of such reform."

The Politics of Reform in China

BY H. LYMAN MILLER

Chinese Affairs Analyst, Foreign Broadcast Information Service

NO party plenary session in China's recent political history has seemed so politically one-sided as the fifth plenum of the Chinese Communist party (CCP) eleventh congress. Held in February, 1980, the fifth plenum's assessment of party work and its decisions on controversial issues that had previously divided the Chinese leadership unmistakably and overwhelmingly reflected the political goals and priorities of the powerful veteran Vice Chairman, Deng Xiaoping. In its prescriptions for future party work, moreover, the fifth plenum provided the CCP with an agenda that promised new political successes for Deng. And, indeed, the political highpoints of 1980 suggested that Deng was advancing methodically toward the goals of party reform foreshadowed in the fifth plenum's communiqué.

By the beginning of 1981, however, Deng Xiaoping's surging political tide had ebbed. A sixth party plenum, scheduled for late December, 1980, or for early January, 1981, to prepare the way for the opening of the CCP's twelfth congress, this spring was postponed. Signs of serious leadership dissension surfaced in the Beijing press, which suggested that the entire range of Deng Xiaoping's interrelated policies—from party reform to economic liberalization to foreign policy—were being questioned.

Through the spring months of 1981, indications in the Beijing press suggested that the leadership had finally begun to reestablish the consensus—at least partially—that had come undone the previous winter. When the party's sixth plenum did eventually convene at the end of June, it was clear that Deng Xiaoping had won victories on crucial issues of lasting importance. But the plenum conspicuously failed to address a number of other questions.

Time will eventually illuminate how extensive and decisive Deng Xiaoping's political successes at the sixth plenum have been. In the meantime, however, an examination of the dynamic of advance and retreat in the politics of Deng's reforms between the fifth and sixth plenums may shed light on the balance of political power in the Chinese leadership and in particular on the extent to which Deng is himself constrained and even vulnerable.

The transformation of China's political life promoted by Deng Xiaoping since his rehabilitation in 1977 has been extensive and radical. Drawing heavily on institutions, ideological themes and policies associated with the late 1950's and early 1960's and adapting the reform experiences of other socialist countries, Deng and the reform wing of the CCP that he leads have attempted to lay the foundations of long-term political stability.

As they have emerged gradually since Mao Zedong's death, the main features of the Dengist reform program include, first of all, an effort to dilute the authority of Mao Zedong Thought as the final arbiter of legitimate political activity in China. Deng hopes to loosen the constraints of Chairman Mao's Cultural Revolution doctrines on policy formulation and to widen the limits of acceptable intellectual, cultural, social and economic activity in Chinese society. By the same token, Deng and the reformers associated with him have attempted to reassert the ultimate authority of the party's organizational mechanisms, rules and procedures to regulate political behavior within the party and to establish the final authority of socialist law throughout Chinese society, to be applied universally and without prejudice. And, finally, Deng has attempted to rebuild the party into a more suitable instrument to guide China's rapid modernization, pressing for a wider purge of the party's rank of cadres still committed to the ideological principles of the Cultural Revolution decade and cultivating a party membership recruited and evaluated according to its ability to administer an increasingly complex modernizing society.

Deng's success in pressing his reforms during the years between 1977 and 1979 was significant but fitful. The landmark third plenum, for example, registered major gains for Deng, but at the same time the plenum's communiqué suggested that Deng had conceded as much as he had gained. The most notable success for Deng at the third plenum, perhaps, was the Central Committee's acknowledgment that class struggle is no longer the primary focus of the CCP's work—implicitly a rejection of Mao's central ideological rationale for the Cultural Revolution in favor

of the once discredited line of the eighth party congress of 1956. Deng also won a measure of support for his campaign to dilute the authority of Mao Zedong Thought—the campaign to “take practice as the sole criterion for truth”—and the session also made a limited but still unprecedented acknowledgment that Mao had made mistakes.

By the same token, however, Deng had clearly compromised in other areas. The plenum called for an end to the purge of leftists at lower levels of the party and state apparatus, and it “shelved” the issue of reassessing the Cultural Revolution.

Deng’s efforts to advance his reform program after the third plenum met serious setbacks in the spring of 1979. At that time, a combination of factors—including tensions in the wake of China’s punitive attack on northern Vietnam, a public recognition of the seriousness of sectoral imbalances in the national economy, and the outbreak of serious disorders in several cities—convinced a majority of the leadership that domestic stability must be upheld at all costs and that Deng’s drastic political reforms were too divisive and controversial, given China’s strained domestic and international circumstances. The most dramatic signal of Deng’s setbacks was the crackdown on the “Democracy Wall” movement flowering in Beijing and in other cities, a dissident movement whose legitimacy Deng had defended publicly in its early stages and which drew sustenance from his efforts to expand “democracy” within the party and within Chinese society at large.

By the fall of 1979, Deng had regained some of the political momentum he had lost earlier in the year. The party’s fourth plenum, held in September, 1979, endorsed a major reassessment of Chinese history since 1949 (read at China’s thirtieth National Day observances by Ye Jianying in his capacity as head of state), which termed the Cultural Revolution an “appalling catastrophe.” By the time of the fourth plenum, moreover, Deng had finally won universal leadership endorsement for his campaign to “take practice as the sole criterion for truth,” and areas that had previously resisted this effort to discard Mao’s doctrines when they no longer applied to Dengist realities were now asked to “make up the missed lesson” in this study campaign. Only in the opening of the public trial of the dissidents Wei Jingsheng and Fu Yuehua and in the obvious, continuing sensitivity over the permissible limits of cultural expression was

Deng’s resurgence in doubt, and on both issues Deng’s position was ambiguous.

The events of 1980 demonstrated Deng’s conclusive comeback. The political highpoints of 1980 on China’s domestic scene illuminated more clearly than ever the far-reaching scale of Deng’s efforts to transform Chinese political life. Where the 1978 third plenum had been a milestone for Deng’s reforms, the 1980 fifth plenum and subsequent events saw Deng’s reforms put into practice. So remarkable was the direction of Deng’s reform program as it emerged through 1980, in fact, that for some Chinese the year’s events took on the name “Gengshen Reform” (*gengshen gaige*), using the traditional “stems and branches” dating system in the same way that important political interregnums were marked in China’s long past.¹

The fifth plenum, in February, 1980, thus initiated a series of political changes that suggested that Deng was moving swiftly and systematically toward his goals. The plenum restored the party secretariat as the party’s central policy implementation body and placed it under the direction of Hu Yaobang, a man whose activities in 1980 increasingly suggested that he was being groomed by Deng as heir apparent. The plenum approved draft versions of a revised party constitution and a party discipline code, both of which were circulated as the basis for a renewed anti-leftist drive. The plenum formally rehabilitated Liu Shaoqi, Mao’s most prominent Cultural Revolution victim, in a measure of great symbolic significance for shoring up the ideological legitimacy of Deng’s efforts to undo the doctrines of the Cultural Revolution in favor of his own reforms. And, finally, the plenum called for the convocation of the party’s twelfth congress ahead of schedule, in order to resolve several “pressing” political and ideological issues crucial to the “smooth advance” of modernization.²

CHINA’S NEW PREMIER

The third session of the fifth national people’s congress (NPC), held in September, 1980, provided another benchmark in the advance of Deng’s political reforms. The *Renmin Ribao* editorial celebrating the conclusion of the session remarked that where the party’s fifth plenum had represented the Central Committee’s “first step” in reforming the party leadership system, the September session marked the leadership’s first step in reforming the state structure.³ Paralleling the appointment of Deng’s associate, Hu Yaobang, to oversee the restored party secretariat, Zhao Ziyang, previously party chief in Deng’s home province of Sichuan, replaced Hua Guofeng as China’s Premier in a surge of reformist rhetoric extolling the advantages of the separation of party and state responsibilities for long-term political stability and collective leadership. Supplementing Hua’s relin-

¹Liao Gailong, “The ‘Gengshen Reform’ Program in China,” *Ch’i-shih nien-tai*, no. 134 (March, 1981), pp. 34-48; an English translation appears in *Foreign Broadcast Information Service China Daily Report* (hereafter *FBIS*), March 16, 1981.

²“Communiqué of the 11th CCP Central Committee Fifth Plenary Session,” *Renmin Ribao*, March 1, 1980.

³“A Congress of Democracy and Reform,” *Renmin Ribao*, September 12, 1980, p. 1.

quishment of the post of Premier, several veteran party leaders—including Deng himself—resigned their posts as Vice Premiers in the State Council.

Zhao rose to the position of Premier not only on the strength of Deng's political reforms, but also as a symbol of the fundamental economic reform Deng and his political allies hoped to implement. In his position as party first secretary in Sichuan, over the previous two years Zhao had championed and put into direct practice liberal enterprise reforms. He had stressed the decentralized powers of planning, decision-making and profit retention, emphasizing more professional administration of enterprises, and permitting the freer use of material incentives to spur the production that reform-minded economists like Xue Muqiao had been advocating. Zhao's reform efforts in Sichuan received prominent attention in the national media in 1980, foreshadowing his rise in central-level politics at the September NPC session. The session itself signaled the apparent conclusion of a debate over the relative priorities of economic readjustment and economic reform that had appeared in Beijing's press in the months preceding the NPC session. The appointment of Zhao as a symbol of liberal economic reform and the session's explicit call to "accelerate" the pace of enterprise reform were clear signals.⁴

Deng's political advance through these months of 1980 was nevertheless not without opposition. The fifth plenum expelled the so-called "little gang of four"—four Politburo members who had resisted Deng's reforms on grounds of explicit loyalty to Mao's Cultural Revolution doctrine—but a broader array of leaders, opposed less to the direction of Deng's reforms than to their pace and scope, remained in power. Such leaders—probably including Hua Guofeng, Ye Jianying, Li Xiannian, and to some degree Chen Yun—were more concerned than Deng with the impact of his drastic party reforms on the party's prestige and position in Chinese society and with the impact of his economic reforms on China's social order. These leaders have thus proclaimed the overriding necessity of maintaining social stability and political unity as China seeks to modernize, stressing that the main danger to China's modernization in the long run comes not so much from the "left erroneous trend" within the party as from the "right erroneous trend" which doubts socialism in society at large. Excessively drastic efforts to criticize

Mao Zedong's mistakes and to expand the purge against the left in the party's ranks, these leaders have suggested, will hamper the party's ability to guide China's modernization, and excessive efforts to "emancipate the mind" may undermine socialism in China and lead to anarchy and chaos.

The most striking expression of such reserve toward Deng's political and economic reforms in 1980 was Hua Guofeng's speech to a conference on political work in the People's Liberation Army (PLA) in April. Hua's speech was a vivid attempt to counter the essentials of Deng's reforms with the traditional themes of Maoist economic voluntarism.⁵ Given the severe constraints of China's economic position, Hua argued, efforts to stimulate production by raising the people's ideological consciousness through "political and ideological work" must continue to play an important part in the party's work. Efforts to implement material incentives "blindly" and "one-sidedly" to spur production will only lead to disaster. "It won't do if we have only material abundance and lack spiritual civilization," Hua declared, calling on the PLA to carry out a campaign to "foster proletarian ideology and eliminate bourgeois ideology" in a manner that would provide a model for the improvement of socialist morality in Chinese society.

As pointed as Hua's speech was, the speed and firmness with which his views were criticized in the press suggested the isolation of Hua and leaders like him. Hua's call for a campaign to "foster proletarian ideology and eliminate bourgeois ideology" received only spotty endorsement in the press, and the slogan dropped out of sight soon thereafter. Press commentaries soon began to ridicule the effectiveness of "political and ideological work" in motivating production; by July authoritative commentary was asserting that the foremost ideological task is to overcome the "feudal" ideas in the party that had been the main source of "leftist deviation" in the party's work rather than to combat the corrupting influences of bourgeois ideas, an ordering of priorities clearly identifiable with Deng Xiaoping.⁶

Through the last half of 1980, and particularly in the wake of the September NPC session, the pace of Deng's reform initiatives seemed to accelerate. By November, signs in the press suggested that Deng was poised to consolidate a new series of political gains at a sixth party plenum. Increasingly explicit criticisms of Mao Zedong's leadership of the party in the last years of his life—most notably criticisms made by Deng Xiaoping himself—indicated that the leadership was preparing to adopt a formal party resolution assessing China's history since 1949 and Mao's role.⁷ Political trials of the surviving Cultural Revolution elite, including Mao's widow Jiang Qing, opened in Beijing in mid-November, with the explicit aim of preparing the way for similar trials of radical leftists at

⁴See for example the article by Chen Feizhang and Jiang Zhenyun, "Firmly Grasp Readjustment as the Crucial Factor," *Renmin Ribao*, May 27, 1980; *FBIS*, June 6, 1980.

⁵*Renmin Ribao*, May 8, 1980, pp. 1 & 4; *FBIS*, May 8, 1981.

⁶See for example the contributing commentator articles in *Renmin Ribao* on June 22 and July 4, 1980, and the commentator article on June 24 in the same paper.

⁷Deng Xiaoping interview with Oriana Fallaci, *Gongren Ribao*, October 29, 1980, and November 10, 1980.

lower levels. At a Politburo meeting in late November, according to Western press accounts, Hua Guofeng formally submitted his resignation as party chairman for formal acceptance by the forthcoming sixth plenum of the central committee, and on November 27 Hua made his last routine public appearance in Beijing for what turned out to be a period of several months.⁸

Commentary regularly appearing in the Beijing press meanwhile suggested that Deng and the party's reform wing were preparing fundamental structural and procedural changes for formal ratification by the party's twelfth congress to open in 1981. A steady stream of commentary in the press attacking such "feudal" abuses as "lifetime tenure" for cadres in leadership positions and the arbitrary designation of successors provided a political context for Hua's disappearance from the public scene. The extensive structural changes that the party's reform wing under Deng were preparing were revealed in an illuminating speech delivered in October, 1980, by Central Committee functionary Liao Gailong; the speech has never been publicized in the Chinese media, but it is available in the left-wing Hong Kong press.⁹ In his speech, Liao described a tentative plan put forward by Deng himself which called for the abolition of the traditional Central Committee and Politburo in favor of a central executive committee, a council of veteran advisers, and a disciplinary inspection committee.

By the end of November, Deng Xiaoping appeared on the verge of consolidating major new political gains, both at the upcoming sixth plenum and shortly thereafter at a new party congress. But by the end of December his reforms seemed seriously in jeopardy. A number of factors combined to sidetrack Deng's political advance, but the central cause appears to have been the emergence of a new and starkly pessimistic appraisal of the national economic situation in early December, 1980. A *Renmin Ribao* editorial on December 2 warned that "unexpected new problems" in the economy necessitated a strong reaffirmation of the economic readjustment program begun in the spring of 1979. The editorial cited persistent energy shortages, a serious shortfall in the grain harvest of 1980, and alarming deficits in the national budget, which presented "hidden dangers" for China's economy.

Deng and other reformers had discounted the seriousness of these same "unexpected" problems earlier

in the year and had predicted that the three-year readjustment effort would be completed on schedule in 1981. Nonetheless, the editorial flatly extended the readjustment period indefinitely. The editorial criticized continuing "leftist" influences in economic work as the primary cause for the overextension of capital construction commitments and the exacerbation of budget deficits; at the same time the editorial placed blame for the economic problems on the very success of Deng's reformed enterprises. Some enterprises with expanded powers of planning and profit retention, the editorial noted, had expanded their facilities without regard for the wider economic situation and had thus competed with existing enterprises for already strained access to resources, transportation and markets. The editorial concluded that the resulting chaotic economic situation required the reassertion of centralized planning supervision over local economic activity and announced that henceforth economic reform must be subordinated to the overriding interests of readjusting the balance of the national economy.¹⁰

Immediately thereafter, authoritative press commentary began to explain the various implications of prolonged economic retrenchment for other policy areas. One by one, the broad array of policies associated with Deng's aggressive reforms were either suspended or reversed outright. The overall thrust of the new policy shifts was to maintain political unity and social stability in an atmosphere of economic difficulty; Deng's initiatives were evidently deemed too divisive in such times of uncertainty.

The importance of the party's thorough "political and ideological work," for example, was again upheld, evidently anticipating that both the direct dislocations of economic retreat and the disappointment of popular expectations raised by the promise of radical economic reform would lead to social disorders. The annual New Year's editorial in *Renmin Ribao* strongly endorsed the pessimistic assessment of China's economic situation conveyed in the party paper's editorial of December 2, and it betrayed leadership concerns that newly acknowledged economic difficulties would exacerbate the "crisis of confidence" among the people.¹¹ The editorial emphasized the importance of the "four basic principles"—principles that were enunciated in the spring of 1979 to set limits on Dengist political initiatives in the face of mounting urban disorder—and it stressed the role of the party in fostering China's "spiritual civilization," which it defined as "Communist ideals, convictions, morality, discipline, a revolutionary stand and principles, and comradely relations among the people." In calling on the party to preserve stability and unity, the editorial resurrected several slogans and paradigms of Maoist economic voluntarism, self-reliance and sacrifice for the common

⁸For example, see the AFP report of December 14, 1980, in *FBIS*, December 15, 1980.

⁹Gailong, *op. cit.*

¹⁰"Completely Execute and Resolutely Carry Out the Guiding Principle of Readjustment," *Renmin Ribao*, December 2, 1980, p. 1.

¹¹"On the Basis of Stability and Unity Carry Out the Great Task of National Economic Readjustment," *Renmin Ribao*, January 1, 1981, p. 1. See also Jan Prybyla's article in this issue.

good, including calls for the spirit of "fearing neither hardship nor death" and of "the foolish old man who moved the mountain"—both of which had been criticized or ridiculed during the upsurge of reform rhetoric the previous summer.

Press commentary on party rectification also began to focus less on the necessity of "readjusting" leadership groups at lower levels of the party apparatus and more on the need to develop a cadre style of hard work, selflessness and incorruptibility to maintain the party's prestige and its ability to lead in times of economic stress. Although the trials of the Cultural Revolution elite closed with predictably triumphant fanfare in late January, 1981, no trials at lower levels were announced, suggesting that efforts to root out the left through the courts were likewise suspended as too divisive.

With the alarming similarity of events in Poland in mind, the leadership reversed what was apparently the main thrust of Dengist trade union reform. Commentary on trade union reform in the fall of 1980 had urged that China's trade unions should more accurately reflect the various concerns of the working masses they represented. A *Renmin Ribao* editorial in January blunted this call for reform with the flat declaration that any effort to "cast off" party supervision of trade unions would not be tolerated. The editorial appeared when foreign media were reporting attempts in some Chinese cities to establish independent unions patterned after the Polish organization Solidarity.¹²

The political effect of the emerging concern for stability and unity in a context of economic difficulty was the suspension of reforms that Deng had seemed poised to initiate only a few weeks earlier. A party central work conference opened in mid-December to prepare the way for convening the sixth plenum. Although the work conference had originally been intended to deal with issues central to Deng Xiaoping's reforms—the party resolution on Mao Zedong and the question of Hua Guofeng's status—Hu Yaobang acknowledged in a toast at a New Year's reception that the conference had focused instead on problems in the national economy.¹³ The work conference in fact was curiously short, suggesting that it may have ended early in disarray. The anticipated sixth plenum did not convene as scheduled.

Signs of leadership dissension persisted in the early months of 1981; the Beijing press carried commentary reflecting a profusion of divergent themes. Hua

Guofeng undoubtedly could draw satisfaction from the fact that the line prevailing in authoritative press commentary had vindicated the views he had expressed publicly in his April speech to the PLA conference (and for which he had been so sharply criticized). Yet his status remained unclear. Except for a single appearance with the defecting Vietnamese leader Hoang Van Hoan in February, he remained out of public view. Expectations that the postponed sixth plenum would convene around the time of the Spring Festival in February, as reflected in Western news accounts, were not realized.

Only by the late spring did indications begin to appear that the leadership was restoring a consensus on at least some of the issues necessary for holding the long-delayed sixth plenum. Around the middle of April, Hua Guofeng began to reappear in public with the assembled party leadership, suggesting that agreement had been reached on his future status. Xinhua, moreover, implied that the leadership had agreed on an assessment of Mao Zedong when it reported on May Day that a forthcoming sixth plenum would ratify a resolution on Chinese history since 1949.¹⁴

In that regard, a long speech by party disciplinary leader and PLA veteran Huang Kecheng discussing Mao, which actually had been delivered the previous November but was publicized heavily in both national and provincial media only in April, seemed overwhelmingly concerned with underscoring Mao's achievements and good intentions while acknowledging his errors.¹⁵ Mao might be criticized to shore up the legitimacy of Deng Xiaoping's reforms. But there were those in the leadership who had been less concerned with detailing Mao's mistakes than with maintaining Mao's prestige (and by extension the party's) in the face of the "crisis of confidence" in Chinese socialism. Their anxieties would also have to be addressed.

Despite such evidence that the party leadership had restored at least a partial consensus, there were persistent indications in the Chinese press that a host of other fundamental issues remained unresolved. The most glaring of these was the failure of the leadership to delineate a consistent position on the issue that presented the greatest long-term danger to China's stability—the residual leftism in the party's ranks (or the "rightist" trend of opinion in Chinese society that opposes the CCP's political hegemony and Chinese

(Continued on page 273)

¹²"Strengthen Trade Union Work in a Big Way," *Renmin Ribao*, January 15, 1981, pp. 1 & 4.

¹³Xinhua (the official Chinese press agency), January 1, 1981, in *FBIS*, January 2, 1981.

¹⁴Xinhua, May 1, 1981, in *FBIS*, May 1, 1981.

¹⁵*Jiefangjun bao*, April 10, 1981, as reprinted in *Renmin Ribao*, April 11, 1981, pp. 1-2.

H. Lyman Miller, a Chinese affairs analyst for the Foreign Broadcast Information Service, is also a lecturer at Johns Hopkins University School for Advanced International Studies. He has written several papers on China's foreign relations and its contemporary political scene, and is currently planning a book on politics in China since Mao Zedong's death.

“... China's extensive agrarian reform program can only be as effective as the leaders, planners and managers who will ultimately direct it and carry it out. Therefore the success of this modernization depends on many unknown factors.”

Agricultural Reform in China

BY KUAN-I CHEN

Professor of Economics, State University of New York at Albany

STARTING from a very low base or near scratch, the productive capacity of several agricultural inputs or assets in China reached an impressive level by 1980. In 1980, China had 745,000 large and medium-size tractors, exceeding 1979 figures by 78,000; 1,874,000 hand tractors, 203,000 more than it had in 1979; and power-driven drainage and irrigation machines for rural use with a total of 74,645,000 horsepower, an increase of 3,424,000 horsepower over 1979.

The proportion of tractor-plowed farmland came to 40,991,000 hectares, accounting for 41.3 percent of all farmland. For many years every winter, scores of millions of peasants were mobilized to work on soil and land improvement projects. Total electricity consumed by the rural areas reached 32,100 million kwh in 1980, exceeding 1979 consumption by 13.5 percent. An average of 127.8 kilograms (kg) of chemical fertilizers (nutrient weight) was applied to each hectare of farmland in 1980, compared to 109 kg in 1979 and to approximately zero in 1949 or 1952. In addition, there were a total of 86,000 big and small reservoirs with a total storage capacity of 400,000 million cubic meters of water, and 2.1 million power-operated wells.¹

The increase in chemical fertilizers production was phenomenal, from a meager 6,000 metric tons (nutrient weight) in 1949 to over 12 million metric tons in 1980.² China has become one of the top chemical fertilizer-producing nations in the world. Furthermore, Chinese agricultural scientists have successfully developed a number of new high-yield seeds for rice and wheat. In 1980, China signed a contract with Ring Around Products Company, the seed division of Occidental Petroleum Corporation, selling

the company a patent on Chinese rice hybridization and giving it the exclusive right to market Chinese hybrid rice in five countries. The hybrid rice seed gives a per acre yield higher than that currently achieved by any other seed varieties.³ All these improvements in agricultural productive capacity have stabilized and increased the crop yield per acre and have enhanced China's ability to survive drought and flood.

Despite the efforts made during the last 30 years to tackle the agricultural problem, this sector has not been able substantially to raise the per capita food and non-food consumption of the rapidly growing population, especially the peasants, or to increase the total area of cultivated farmland. Between 1957 and 1978, for example, the population increased by 300 million, but the area of cultivated land diminished because of growing urbanization and the demands of railroads, highways, harbors, factories and other construction. Thus the burden of improving the Chinese diet and increasing the supply of agricultural raw materials for industry fell entirely on the increase in the per acre yield of agricultural products.

The annual increase in agricultural output was fairly uneven during the 30 years, faster during 1949-1957 than during 1957-1978. Therefore, in 1978 the average per capita output of food grains was only on a par with that of 1957; and in 1979—a year of unusual expansion of output—the average per capita output was only 7.8 percent higher than the per capita output in 1957.⁴ With an inventory of a little over 300 million hogs, 37.5 percent of which were slaughtered, the average consumption of pork per capita amounted to only 8.5 kg per year in 1978 as compared to 110-120 kg per capita in the United States. In addition, the per capita consumption of fish, the second most important source of animal protein in China, was only 4.5 kg per year in 1978, slightly below one-third of the world average.⁵

The average per capita net income of Chinese peasants amounted to only 160.2 yuan in 1980. Of this net income, 102 yuan came from the collective economy, the rest from sideline household occupations and other sources. Even this 160.2 yuan was a sharp rise of 19.9 percent over that 133.6 yuan per capita in 1979. This large jump in 1980 was achieved partly by

¹“Communiqué on Fulfillment of China's 1980 National Economic Plan,” *Beijing Review*, May 11, 1981, p. 25.

²*Beijing Review*, October 5, 1979, p. 10; “China's Industrial and Agricultural Production, 1980,” *China Newsletter*, JETRO, March-April, 1980, p. 18.

³“China's First Technology Transfer to the U.S.,” *The China Business Review*, July-August, 1980, p. 41.

⁴“The Agricultural Development Program,” *Beijing Review*, March 24, 1980, pp. 14-15.

⁵“China Lays a Bold New Foundation for Agricultural Development,” *The China Business Review*, January-February, 1980, p. 71.

increased production and partly by a rise in government purchase prices provided by the recent reform in agricultural policy.⁶

China's current leaders have made a pragmatic appraisal of the causes of China's continued backwardness in agriculture. This is reflected in the document, "The Decision on Some Questions Concerning the Acceleration of Agricultural Development," adopted by the fourth plenary sessions of the eleventh central committee of the Communist party in September, 1979, which also provides guidelines for new national agricultural policies and measures to accelerate agricultural development. According to Chinese planners, there are several causes for the continuing backwardness of agriculture. First, the absence of a stable social and political environment after the completion of institutional (socialist) transformation prevented a sustained effort in agricultural modernization. Second, the Cultural Revolution, which neglected scientific research and development and agricultural education, retarded the technical transformation.⁷

Third, during the Cultural Revolution, the adoption of measures equalizing the income of all commune members, tight restrictions on private plots and rural sideline occupations, and unfavorable terms of trade for the peasants delayed progress and dampened the enthusiasm of peasants for more hard work. In the area of management, the central government frequently infringed upon the ownership rights and self-determination of the basic accounting units—the production teams. Responding to orders from the top, commune and brigade would commandeer the manpower, materials, funds and land of production teams without proper compensation and would enforce uniform planting plans and methods of distributing farm income. Peasants who pursued profit in agriculture were branded "capitalist roaders seeking to enlarge the income gap." The legitimacy of the cash bonus system was denied and strict control on rural fairs was maintained.

The state purchasing prices of farm products had been kept low in relation to prices of agricultural investment goods (or inputs). This wide difference between the prices received by the peasants and the prices of inputs paid by them created a so-called "scissors gap." Chinese leaders tried to rectify this situation by raising purchase prices seven times. However, these efforts were not at all effective. The more agricultural inputs a commune used to raise agricultural productivity the higher the production

costs would be. This phenomenon is called "mechanized poverty." Greater productivity achieved by mechanization and scientific farming not only did not lead to greater net income but resulted in smaller net income or even aggravating losses. This has been one of the greatest obstacles to the modernization of agriculture.

Fourth, although the "agriculture first" policy has been proclaimed many times since 1961, more lip service than real support has been paid to this policy. The amount of state aid to agriculture was increased, but the share of agriculture in state capital construction investment was not. As a result, state aid in the form of investment in capital construction, operating expenses for agriculture, and aid to production brigades and teams has been inadequate to carry out the policy of "agriculture first."

Last, although the principle of all-around development of farming, forestry, animal husbandry, sideline occupations and fishing has been pronounced for a long time, it has never been implemented effectively. Priority was assigned to raising food grains output rather than producing high-profit cash crops, chickens or hogs. Orders were frequently passed down to expand and popularize multiple-cropping through planting systems, completely ignoring local geographical conditions or the opinions of production team members who know the adaptability and the potential of local conditions.⁸ As could be expected, an overemphasis on food grains led to the inefficient utilization of resources, a low yield of food grains in some areas at the expense of the industrial crop, and grassland, livestock, and ecological imbalance, including soil erosion.

Recognition of these causes of backwardness in agriculture will help economic planners to introduce pragmatic and comprehensive reforms in China's agricultural policy.

REFORMS

The programmatic document adopted in September, 1979, provided guidelines for new policies and measures, which tackle China's agricultural backwardness on several fronts. One way to provide greater incentives for China's peasants is to give the peasant security and a measure of freedom. The ownership and self-management power of the commune-brigade team are now protected by state law. As long as the commune accepts the guidance of state planning and observes the laws and decrees of the state, all production teams will have the right to cultivate whatever is suitable to the season and to local conditions, to decide how to increase production and the method of management, and to distribute their own products and cash income.

The requisition or use of the production team's labor power, land, draft animals, machinery, funds,

⁶"More Income for Peasants," *Beijing Review*, January 19, 1981, p. 5.

⁷"Accelerating Farm Production," *Beijing Review*, November 9, 1979, p. 6.

⁸*China Business Guide: The Japanese Perspective on China's Opening Economy*, JETRO, 1979, pp. 27-31.

products and other materials must be properly compensated. The rural communes will continue to have the system of three-level ownership, with the production team as the basic accounting unit. No government organization, armed force unit, enterprise, school, or university is allowed to trespass on or make illegal use of cultivated land, grass and pasture land, or forest land belonging to a commune or state farm.

A second way to provide work incentives and security is to correct absolute egalitarianism and carry out the principle, "to each according to his work." Remuneration is to be paid according to the amount and the quality of the work. A system of awards and penalties will be established. Equal pay for equal work between men and women will be observed. Two new systems of income distribution are being encouraged in communes. The first system gives local authorities power to assign a certain number of work points to different jobs according to the working time required. In the second system, work groups are organized and production duties and output are contracted by the production team to these groups. This is called the "system of responsibility in production" or the "system of contract for production groups." (This system was practiced during 1952-1956⁹ and abandoned later.) The system practiced during the past 20 some years allocated work points not according to the job but to the workers' skill, physical strength and other individual characteristics and ignored how rapidly the job was done. This system is in the process of being phased out.

Probably the system of contract for production groups will grow rapidly, because it leads most directly to increased production and reduced cost. In this system, the workers receive the same remuneration even if they finish the work in less time than the authorities initially calculated. Cash bonuses are not only paid when more is produced than was originally contracted but they are also paid if costs are brought down below certain levels. Broadly speaking, several criteria or terms are preset for each group in the contract, e.g., the number of workers and/or families to be involved, the amount to be produced, the production site, the production costs, the work points.¹⁰

A third way to provide more incentive is to increase peasants' personal income by removing restrictions previously placed on their economic activities and encouraging them to raise more agricultural products from their private plots for marketing and personal

use, to engage in sideline household production, and to participate in rural trade fairs.

Peasant income can also be increased by means of price adjustments, tax incentives and fixed purchase quotas. The unified purchasing prices for grains were raised by 20 percent by 1979. The prices for grains above the purchase quota were increased by another 50 percent. The purchasing prices for cotton, oil-bearing crops and pigs were increased by 15 percent, 25 percent and 26 percent respectively. The factory prices and marketing prices for farm machinery, chemical fertilizers, insecticides, plastic and other industrial goods used in farming were lowered gradually. All these narrowed the "scissors gap." The annual purchasing quota of the state remained stable for a number of years. However, starting in 1979 there was a reduction of 2.5 million metric tons in the quota of grain purchase by the state. In order to encourage land reclamation, the state will not purchase what is grown on land newly opened up by communes, production brigades and teams for five years from the first year of harvest. Up to 1985, state farms are not required to give the state their profits, which are to be used for reinvestment and for transforming the farms into amalgamated enterprises combining farming, industry and commerce.

ECOLOGICAL BALANCE

Another way to alleviate agricultural backwardness is to work toward "ecological balance." The raising of the level of human welfare and social security is linked to the simultaneous promotion of the five areas of agriculture (grains, forestry, animal husbandry, fishery and sideline production), to the promotion of local industry, and to the promotion of specialization by taking advantage of local resources. For years, the agricultural sector has overemphasized the growing of cereal crops at the expense of the other four areas. In 1978, 67.8 percent of China's agricultural output value came from grain production, while only 3.0 percent, 13.2 percent, 14.6 percent and 1.4 percent were contributed by forestry, animal husbandry, sideline activities and fisheries, respectively.¹¹ Improving the diet and clothing of 980 million people hinges on a more balanced growth among the five areas of agriculture, as well as a rational agricultural structure based more on specialization than before.

One way to deal with these problems is to force all industrial enterprises and mines to take measures to prevent the contamination of natural resources, like water resources and the atmosphere, to prevent damage to agricultural production. Another way includes promoting reforestation by building a shelter-belt stretching from northwest China to north and northeast China; expanding orchards; developing the breeding of cattle, sheep, goats, rabbits and other grass-eating animals; encouraging peasant house-

⁹"Output, Reward, Responsibility," *Beijing Review*, September 15, 1980, pp. 7-9.

¹⁰*China Business Guide*, pp. 33-34, and "A System that Mobilizes Peasant's Enthusiasm," *Beijing Review*, April 27, 1981, pp. 6-7.

¹¹"Inquiry Into Guidelines for Agriculture," *Beijing Review*, January 28, 1980, pp. 20-26.

holds to raise pigs, cattle, sheep and goats; developing modern ranches, poultry farms, slaughterhouses, deep-freeze plants and factories processing animal products in the pastoral areas and in the suburbs of large and medium-size cities; speeding up fish production and the output of other aquatic products by exploiting water areas along the coast and at sea; developing freshwater and marine fish culture; using advanced technology to modernize fishing, fish culture, processing, storage and transportation; and allotting a specific amount in foreign exchange to finance the development of cash crops, native and special products, livestock products, sidelines products and fishery for export.

As a result of the introduction of these reforms, some Chinese provinces have already begun to work toward the all-around development of agriculture and the development of the local economy according to specific local conditions.¹²

INCREASED FINANCIAL AND MODERN INPUTS FOR AGRICULTURE

Another way to modernize agriculture is to provide more resources for agriculture in terms of capital construction, and more modern inputs for production. In the next three to five years, agriculture's share of the state's total capital construction investment will be raised to 18 percent, from 10.7 percent in 1978 (14 percent in 1979). The share of expenditure on agricultural undertakings and appropriations to support communes, production brigades and teams will be raised steadily to 8.0 percent, from 6.3 percent in 1979. From now on, local revenues should be used mainly to finance agriculture or industries supporting agricultural production. Between 1979 and 1985, agricultural loans will be more than doubled. The state is going to offer 10- to 15-year, long-term, special-purpose loans at a very low rate of interest.

More and better facilities will be built for the production, storage, transportation and processing of the products of farming, forestry, animal husbandry, sideline occupations and fishing. The area of irrigated farmland will be expanded from 46 million hectares in 1978 to 60 million hectares in 1985, and the acreage of stable, high-yield cropland (land with both irrigation and drainage systems) will be further expanded in 1985. Giant water conservancy projects will be built by the state; small and medium-size projects, as well as water works supporting the giant projects, will be built by local communities. The production of

chemical fertilizers, insecticides, plastic materials, and herbicides of good quality, in addition to household manure and green manure, will be greatly stepped up.

The Ministry of Agriculture Machinery and the Ministry of Chemical Industry will establish specialized companies and service companies to offer unified management for the supply of chemicals, farm machinery and its maintenance, the hiring services, and the dissemination of technical know-how. A highway program to link urban and rural areas is being pushed so that by 1985 motor transportation will be accessible to every commune. And 13 million hectares of wasteland in northeast and northwest China are to be reclaimed by 1985.

IMPROVEMENT OF AGRO-TECHNOLOGY

Research and development in agricultural science, the training of technicians, and the import of foreign technology will also be promoted. The tasks involve the selecting and breeding, importing and popularizing improved seeds, establishing a network of seed companies, and setting up bases for seed cultivation in provinces, prefectures and counties. Many agricultural scientists, technicians and managerial personnel will be trained within a few to a dozen years. The Chinese Academy of Agricultural Science and the Beijing Agricultural University will be the responsibility of the central authorities, and agricultural research institutes, agricultural colleges and secondary agricultural technical schools will be run by provincial, municipal and autonomous regional authorities.

To avoid the haphazard import of technology, foreign technology will be imported selectively, tailored to the needs of the specialized agricultural areas.

The development of small industries in rural areas will also be encouraged. The goal is gradually to raise the share of the income from small industrial enterprises in the total income of the communes, production brigades and teams. Farm and sideline products that are suitable for processing by these enterprises are to be transferred gradually to these enterprises. As for urban factories, they should, in a planned manner, turn over the manufacturing of part of their products or parts to these rural enterprises. They should also supply these rural enterprises with equipment and should offer technical help. In addition, a policy of low taxes or tax exemption for these enterprises has been adopted.

Farm mechanization is to be accelerated and satellite towns are to be formed. Farm mechanization plays a special role in raising the output and income of the rural population. It enables a commune to improve the land for cultivation and to increase the intensity of farming, for example, changing from a double-cropping system to a triple-cropping system,

¹²"All-around Development of Agriculture in Heilongjiang," *Beijing Review*, April 6, 1981, p. 8; "Developing Local Economy According to Specific Conditions," *Beijing Review*, June 16, 1980, pp. 4-6; "How Major Municipalities and Provinces Give Play to Their Strong Points," *Beijing Review*, October 20, 1980, pp. 16-19; and "Restructuring the Agricultural Economy," *Beijing Review*, June 23, 1980, pp. 4-5.

and allows the release of manpower to run rural industrial enterprises. However, farm mechanization will be pushed in a balanced manner among farming, forestry, livestock breeding, sideline production, fishing and rural transportation.

The 10-year plan (1976-1985) originally set the target of farm mechanization at 70 percent "basic mechanization" by 1980 and 85 percent by 1985. But the target is not precise because the concept of "basic mechanization" is not clearly defined. However, the 10-year plan may soon be replaced by a new plan, including a new 5-year plan, 1981-1985. The experiences of the past years will be incorporated into the new plan. Farm machinery will first be given to areas with the necessary conditions for the success of mechanization, so that these areas will achieve modernization first and will serve as models to promote mechanization in other parts of China. In addition, China will import, manufacture and popularize advanced farm machinery suitable to its peculiar conditions and needs.

In the original 10-year plan, the state set aside 13.3 million hectares of farmland for the establishment of 12 commercial food grain centers. These were mainly designed to raise the production of commercial food grains for urban workers. During the process of readjustment, 1979-1980, this land area was considered too high and was probably scaled downward. Most of these 12 centers are located in fairly rich agricultural areas and are suitable for mechanized farming.

As to the reorganization of the farm machinery production system, the government is attempting to categorize, standardize, serialize and manufacture more interchangeable key farm machinery and equipment. The plan is to raise the standardization and interchangeability of parts to over 80 percent. An attempt to restructure the entire farm machinery industry is also being made. In provinces and counties, there is an increase in the specialization and division of labor for key components of large- and medium-size tractors, hand-guided tractors, and diesel engines. The majority of small plants will be converted into specialized parts factories, some will become component assembly plants. Most of the large plants will be made into specialized mass production operations. The restructuring is expected to create a production system with numerous small factories feeding single general assembly plants within three years.¹³

To utilize the resources of the industrialized areas

fully and to reduce the gap between rural and urban areas, the construction of small towns in the nation's 2,136 county seats and the building of economically more developed towns are planned. The big cities will also strengthen their support of agriculture by building satellite towns in surrounding rural areas. In addition to the new rural enterprises in the communes, these newly built towns will also absorb the labor displaced by farm mechanization.

Other frontal attacks on the backwardness of China's agriculture include strengthening the family planning program in rural areas (so that China's annual natural population growth rate can be reduced from 1.2 percent in 1979 to 0.5 percent by 1985) and spelling out a clear division of labor and responsibility between central and local party and government organizations. Agricultural production and construction connected with it will be managed independently by the administration and vocational organizations; the party is not allowed to take over in this field. Cadres at the commune, brigade and team levels must all be elected by either a meeting of the commune members' representatives or a general meeting of the commune members.¹⁴

PROSPECT FOR THE NEW POLICIES IN AGRICULTURE

The new policies and measures adopted for the acceleration of agricultural development are derived from the result of numerous investigations and work conferences held at all political levels during the past few years. They are comprehensive in nature and represent a relatively pragmatic synthesis of the agricultural experiences of the past 30 years. Their potential impacts could be far-reaching. China's 10-year plan, 1976-1985, as announced by Chairman Hua Guofeng in February, 1978, set the production goal for food grains at 400 million metric tons (MMT) by 1985 and the annual growth rate for gross agricultural output at 4-5 percent for the period 1978-1985. Whether the anticipated new 10-year plan (especially the anticipated 5-year plan 1981-1985) will meet the same ambitious target for food grains and gross agricultural output is not yet known. China's output of food grains was 332 million metric tons (MMT) in 1978. Mainly because of poor weather, the output was

(Continued on page 276)

Kuan-I Chen has taught at Talledega College and Fairleigh Dickinson University. Among his various publications are *World Population Growth and Living Standard* (New York: Bookman Associates, 1960), and, as coauthor, *China and India: A Comparative Development* (New York: Free Press, 1971). He has also published extensively on the Chinese economy. He visited China in 1975 and in 1979; in 1979 he made an extensive tour, visiting rural communes, rural industry, irrigation and water conservancy projects in China.

¹³China Business Guide, pp. 35-37.

¹⁴See, for example, "The Agricultural Development Program," *Beijing Review*, March 24, 1980, pp. 14-20; "China Lays a Bold New Foundation for Agricultural Development," *ibid.*, pp. 71-2; and "Accelerating Farm Production," *ibid.*, pp. 5-6.

"China is a large country with a variety of untapped resources. To exploit its potential, however, it needs an efficient managerial system and a workable formula for joint ventures that will not only be compatible with Chinese ideology but will also attract Western technology and capital."

China's Industrialization

BY S. H. CHOU

Professor of Economics, University of Pittsburgh

In 1978, Beijing announced an ambitious 10-year economic plan. According to the plan, China would approximately double its annual steel production to 60 million tons by 1985 and its coal production to more than one billion tons by 1987. China also intended to construct or complete ten new oil and gas fields, eight new coal centers, ten new steel projects (including two greenfield [completely new] centers), and six major harbors. These objectives were later found to be too ambitious, and have since been "readjusted." The "readjustments" have thus far resulted in cancellation or postponement of several major projects involving foreign contracts amounting to more than one billion dollars.

Before 1950, China produced virtually no petroleum, and all its oil needs were met by imports. Thanks to intensive explorations in the 1950's it became self-sufficient in crude oil by the mid-1960's. The annual oil production peaked in the late 1970's at about 100 million metric tons (or 2 million barrels per day). The Daqing oil field in the northeast has been accounting for half of this production, with another 20-30 percent coming from Shenli (in Shandong Province) and Takang (near Tianjin). From the 1950's to the early 1970's, China's oil production grew at a rate in excess of 20 percent a year. Since 1978, however, the production has leveled off; it registered a small decrease in 1980, mainly because of the curtailment of production in Daqing.

With the reported on-shore reserves in the western provinces of Xinjiang and Qinghai, and recent off-shore findings in the Gulf of Bohai, the South China Sea and the eastern part of the Gulf of Tonkin (known in China as the Gulf of Beipu Wan), the long-run prospect of China's petroleum supply appears promis-

ing.¹ To explore these oil reserves fully, China must cope with the technological problems involved in transporting oil produced in the remote western provinces and in extracting oil from the continental shelves. These endeavors require more technology and finance than is now available in the People's Republic (PRC). Western cooperation could be of great help to China's oil explorations.

In 1980, China exported about 12.5 million metric tons of petroleum and earned \$2.78 billion from these exports.² Most of China's petroleum exports went to Japan, although shipments were also made to the United States and countries of Southeast Asia.

According to the plan announced in 1978, China was to add ten new oil fields in the decade ending 1985. Neither the locations nor the expected production capacities of these new fields were mentioned in the government announcement. In the last decade or so, oil fields have been constructed at Ren-qiu, (south of Beijing) in the Liao-he area (in Liaoning Province) and at Nan-yang (in Henan Province). In addition, contracts have been signed for joint exploration with American, French and Japanese oil companies of offshore oil fields in the Gulf of Bohai, the South China Sea,³ and the Gulf of Beipu Wan. It is not clear which new fields are among the ten planned. What is clear is that China's oil production will probably not enjoy any substantial expansion before 1985 to compensate for the possible curtailment of Daqing's production. With output stagnant and domestic needs rising, the prospect for any significant increase in the tonnage of China's oil exports in the near future is bleak. This, however, does not preclude the possibility of increasing China's foreign exchange earnings from her oil exports if oil prices rise in the world market.

The disappointing performance of China's petroleum industry in recent years has important implications. First, the government has been counting heavily on revenues from oil exports to finance China's modernization program. The stagnation of China's oil production is apparently one factor leading to cut-backs in its industrial programs. The poor performance of the petroleum industry has adversely affected not only China's foreign exchange earnings

¹"More Oil from More Fields," *China Reconstructs*, January, 1980, p. 15; Zeng Ding-gian, "Oil from the South China Sea," *China Reconstructs*, November, 1980, pp. 17-21.

²Central Intelligence Agency (CIA), *China: International Trade Fourth Quarter, 1980* (Washington, D.C.: May, 1981), p. 30.

³*Wall Street Journal*, June 5, 1981, p. 29. A joint venture of Atlantic Richfield Company and Santa Fe International Corporation was the American unit which recently signed an agreement to explore a 3,500-square-mile section of the Ying Ge Hai basin in the South China Sea.

but also the development of petroleum-related industries; it has caused the cancellation or deferment of some petrochemical industry projects.

Unlike the steel industry, where Western firms usually serve as suppliers of equipment and technology, China will probably need more active foreign participation in developing its petroleum industry. Western participation, will probably take the form of joint exploration of potential oil fields, with foreign firms sharing the cost of capital investment as well as oil output. If the exploration proves to be fruitful, the oil industry could finance its own development. In view of the possibility of the direct infusion of foreign capital and because of oil's importance as a source of foreign exchange earnings, the petroleum industry is less vulnerable to budgetary cutbacks than the steel industry. However, this does not necessarily assure the rapid growth of China's petroleum production in the immediate future.

THE COAL INDUSTRY

With annual production exceeding 600 million metric tons, China is the third largest coal producer in the world, surpassed only by the Soviet Union and the United States. To raise annual coal production to one billion metric tons, the 1978 plan called for the development of eight major coal-mining centers at Datong in Shanxi Province, the Huainan-Huaibei Center in Anhui, Kailuan in Hebei, Xuzhou in Jiangsu, Pingdingshan in Henan, Liupanshui in Guizhou, Yanzhou in Shandong, and Huolinhe in Inner Mongolia. By the late 1980's, China planned to have some 30 major coal-mining centers in operation. At least ten of these centers would each have a capacity to produce 20 million or more tons annually, with many others supplying in excess of 10 million tons annually.

How has the coal industry progressed since 1978? According to a semi-official report published in June, 1980, all eight coal bases are being developed.⁴ At Datong, where 23 million tons of coal were produced in 1979, two shafts with a designed capacity of 4 million tons a year are being built, and old pits are being mechanized. Datong is a major coal base in Shanxi Province. Shanxi and Inner Mongolia account for about two-thirds of China's total coal reserve.

The Huolinhe coal base, located in the eastern section of Inner Mongolia (near the border of Jilin Province), is now under construction, with the technical assistance of West Germany. It is expected that

when it is completed by the mid-1980's, this new coal base will have one of China's largest open-cut mines, with an annual production of about 20 million tons.

Located in central Shandong Province, Yanzhou is another new coal base, with a potential capacity to produce in excess of 20 million tons of coal annually. To facilitate coal shipments, a new railway is being planned to link Yanzhou with the port of Shijiusuo on the coast of Huanghai Sea. Situated between Qingdao and Lianyungang, two of China's major seaports, Shijiusuo will have special facilities to handle coal exports, including piers to accommodate 100,000-ton vessels. Both the port facilities and the new railway are to be financed by Japanese loans, presumably to be repaid (at least partially) by coal exports.⁵ Yanzhou coal could also be shipped by existing railways and via the Changjiang River to steel mills in Shanghai and Wuhan.

New shafts are being constructed at the Huainan-Huaibei coal base; this will add about 14 million tons to the base's annual production capacity. New shafts are also being constructed at Xuzhou to raise its production capacity substantially. The Liupanshui base in Guizhou Province in southeast China is being developed as a major coal supplier for the steel industries in that region. Two new mines now under construction at Liupanshui are expected to add 1.8 million tons to the current production capacity of about 10 million tons a year. Production capacities at Kailuan in Hebei Province and Pingdingshan in Henan Province are also being expanded.

It is obvious that China's coal industry has not been adversely affected by cutbacks. Whether or not China will be able to produce a billion tons of coal a year by the late 1980's, however, is far from clear. Coal production will increase but probably at a rate substantially below the target.

THE STEEL INDUSTRY

The steel industry has been victimized more by the recent "readjustment" than any other sector of the economy. The greenfield centers at Boashan (near Shanghai) and Chidong (near Tangshan in Hebei Province), the two most important steel projects, were on the top of the hit list. The Chidong project was "indefinitely postponed." The cutback at the Baoshan center, which is already under construction, may result in the cancellation of all the works scheduled for the second phase of the project. As a result, the Boashan complex will have a capacity to produce only 3 million metric tons of crude steel annually, instead of the 6 million tons originally planned. Many projects for expanding existing steel centers have also been cancelled or scaled down.

What has caused the recent cutbacks in China's steel industry? Several factors have contributed.

The budgetary constraint. Until the recent "read-

⁴"Eight Coal Bases Under Construction," *Beijing Review*, June 30, 1980, pp. 4-5. See also "New Coal Mine in Shanxi," *Beijing Review*, November 30, 1979, pp. 5-6.

⁵"Huge Yanzhou Coal Base in Shandong," *China Reconstructs*, February, 1980, pp. 17-18; and "Japan and China Jointly Build Six Projects," *Beijing Review*, January 21, 1980, p. 8.

justment," the steel industry has always been considered the key to China's industrialization program and has commanded a high priority in budgetary allocations. It is estimated that until 1979 steel contracts amounting to some \$20 billion were committed or under negotiation. This magnitude of financial support has not been matched by any other Chinese industry—not even the petroleum industry.⁶ The recent "readjustment" shifted the priority from heavy to light industries.⁷ The steel industry, the leader in China's "heavy" sector, has accordingly become the most vulnerable victim of the government's recent cutback.

Excess inventory. According to a recent official report, at the end of 1980 the PRC had a steel inventory of about 20 million metric tons. This inventory is about 60 percent of 1980 production, which amounts to about 37 million tons.

Limitations in input supplies. Unavailability of inputs has often inhibited full utilization of the existing capacity in China's steel mills. The modern rolling mill recently completed at Wuhan has been operating at only a fraction of its capacity, because it lacks energy and raw material supplies.⁸ According to one Chinese estimate,⁹ with the completion of the three-million-ton capacity at Baoshan, an adequate supply of energy and raw materials, and an efficient management, China's steel production could be expanded to 50 million tons by the mid or late 1980's, if the demand so warrants. Despite recent cutbacks, China still increased its crude steel production to about 34 million tons in 1979 and to about 37 million tons in 1980 (from about 31 million tons in 1978). At this rate of expansion (about 3 million tons a year), Chinese steel production could reach 50 million tons by 1985. It is obvious, therefore, that improving managerial efficiency and assuring energy and raw material supplies, rather than expanding production capacity, should be the primary concern of China's steel industry.

⁶CIA, *China: Post-Mao Search for Civilian Industrial Technology* (Washington, D.C.: February, 1979), part 4.

⁷Wang Bing-qian (Minister of Finance), "A Report on the Government Finance of 1979, the Budgets for 1980, and the Preliminary Estimates for 1981" (in Chinese), *Xinzhua Yuebao*, no. 9, 1980, p. 17.

⁸Meng Xian-cheng, "Some Reflection on the 1.7 Meter Rolling Mill at Wuhan (in Chinese), *People's Daily*, August 1, 1980; also reprinted in *Xinzhua Yuebao*, August 1, 1980, pp. 84-88.

⁹Zhou Chuan-dian, "Improving Efficiency Is the Right Approach to Develop our Steel Industry" (in Chinese), *Workers Daily*, July 7, 1980.

¹⁰See the communiqués on the "Fulfillment of China's Economic Plans for 1979 and 1980," issued on April 30, 1980, and April 29, 1981, respectively. Full texts of these communiqués are available in *Xinzhua Yuebao*, no. 5, 1980, pp. 89-143 and *Beijing Review*, May 11, 1981, pp. 23-27, and May 18, 1981, p. 17.

THE TEXTILE INDUSTRY

The textile industry is important to the Chinese economy for several reasons. First, textile products (including yarns, fabrics and clothing) currently account for 20 to 25 percent of China's exports. Together with petroleum and foodstuffs, they provide about two-thirds of its total export revenue.

Second, China is counting heavily on its light industries to augment its capital accumulation and employment. The textile industry, the nation's leading light industry, is expected to play an important role in realizing these expectations. Third, clothing is a key consumer good, essential to maintaining people's living standards.

While recent "readjustments" have curtailed the growth of heavy industries, the textile industry has been expanding more than 10 percent annually since 1977.¹⁰ Not only in cotton textile production, but also in products of silk, wood and synthetic fibers. To attain these expansions, China has been relying heavily on imported natural and synthetic fibers.

The new emphasis on the textile industry could have several important implications. The future growth of the Chinese economy may closely resemble the pattern that Taiwan and South Korea have pursued during the last three decades. The expansion of China's textile production and exports may accordingly increase China's imports of cotton and synthetic fibers. This could be beneficial to the United States, now the main supplier of China's cotton imports. In addition, the PRC's emergence as a major textile exporter may accentuate international competition in an already congested world market.

Textile exports have been and will continue to be a primary source of China's foreign exchange earnings. The volume of these exports, therefore, is expected to grow with its total trade. To maintain this growth, China must grapple with several problems.

The quality of China's textile exports must be enhanced, to strengthen the competitiveness of its products in the world market and to minimize the effects of import restrictions that are often defined in terms of physical units. Cooperation with established Western designers and manufacturers may help promote China's textile exports. The mix of China's textile exports probably will have to be adjusted to emphasize silk and woolen products. Specialized products of China, exports like rugs and silk fabrics, may be less objectionable to the industries of importing countries than cotton textile products.

RAILWAYS

During 1952-1977, the freight traffic of China's railways rose from about 60 billion metric ton kilometers to 516 billion metric ton kilometers, an 8.6-fold expansion. In the same period, the mileage of China's

railways was merely doubled; from 24,500 kilometers to about 50,000 kilometers.¹¹ Pressure on the railways, China's primary means of land transportation, is obvious. To augment its railway facilities, China has launched a two-pronged program: the construction of new lines and the renovation of existing lines.

Of the new trunk lines recently completed or under construction, two deserve special note.

The railway system connecting Taiyuan (Shanxi), Jiaozuo (Henan Province), Zhicheng (Hubei Province) and Liuzhou (Guangxi Zhuang Autonomous Region) forms a trunk line linking Taiyuan in the north and Liuzhou in the south.¹² Liuzhou is, in turn, linked with the Hunan-Guangxi and Guizhou-Guangxi railways further south. Taiyuan is connected by railway in the north with Datong, which is on the Beijing-Baotou Railway. The Taiyuan-Jiaozuo-Liuzhou line, parallel to the Beijing-Wuhan-Guangzhou railway, offers an important alternative route for the north-south traffic.

The Beijing-Jilin Railway provides a direct link between the capital city and Tuglhao in Jilin Province and is expected to relieve congestion on the trunk lines linking important industrial centers in the north-eastern provinces and north China.

Besides constructing new trunk lines, China has been renovating existing railways. The most important renovations are double-tracking some heavily used trunk lines and electrifying lines in mountainous regions.¹³

The electrification program covers the Shijiazhuang-Yangquan section of the Shijiazhuang-Taiyuan Railway, the railway between Baoji and Tianshui, and that between Tianshui and Lanzhou, the Xiangfan-Chongqing Railway and the Chengdu-Chongqing Railway.

In 1979, the amount of capital outlays for renovating railways was nearly three times the amount

invested in new railways. This represents an important shift from past policy, which emphasized the construction of new lines. It is hoped these renovations will expand the capacity of China's railways with a minimal capital outlay.

ELECTRIC POWER GENERATING INDUSTRY

The electric power industry is one of the few sectors that have thrived despite recent cutbacks. To overcome the serious power shortage that is hampering its economic growth, China has launched a massive program to build power stations, both thermal and hydroelectric, and high-voltage electricity transmissions facilities.

According to an official plan recently announced, China hopes to build 70,000 megawatts (mw) of thermal-generating capacity and 60,000-64,000 mw of hydropower generating capacity, with each plant averaging more than 1,000 mw capacity. While these plans may be too optimistic, China's power generating capacity must expand with its economic growth. A recent United States Central Intelligence Agency study indicates that, during 1980-1990, 20,000 to 28,000 mw must be added to the existing generating capacity, even if the economy maintains only a 3-percent annual growth rate. An expansion of 44,000 to 53,000 mw will be necessary to match a 5-percent annual economic growth rate. As of 1979, China had a total generating capacity of about 57,000 mw, of which about two-thirds were in thermal plants and one-third in hydro plants.¹⁴ Thus, China must at least double its generating capacity if its economy is to maintain a 5-percent (or higher) annual growth rate. In view of the long lead time required for hydroelectric stations, short-run needs will have to be provided by thermal generating capacity.

Most large thermal projects are located near coal-mining centers. There are projects at Datong (in Shanxi Province), Shuo-xian (also in Shanxi), Huainan (in Anhui), Huaibei (in Anhui), Qinling (in Shanxi), Pingdingshan (in Henan), Zaozhuang (in Shandong), Xuzhou (in Jiangsu), and Douhe (near Tangshan in Hebei). The new stations at Datong and Shuo-xian will have installed capacities of 1200 mw and 1350 mw, respectively. In addition, major thermal plants in several other coal-mining areas are being planned over the next 10 to 20 years.¹⁵

Eleven large hydroelectric stations, with a total

(Continued on page 277)

¹¹CIA, *China: Economic Indicators* (Washington, D.C.: December, 1978), p. 37.

¹²S.H. Chou, "Industrial Modernization in China," *Current History*, September, 1979, p. 65.

¹³Among the trunk lines which have already been, or are to be double-tracked, are the railways between Shijiazhuang and Dezhou; Tianjin and Pukou; Shanghai and Nanjing; Qingdao and Jinan; Shenyang and Dandong; Shanghai and Hangzhou; Zhengzhou and Xuzhou on the Lianyungang-Lanzhou Railway; Datong and Baotou on the Beijing-Baotou Railway; Hengyang and Guangzhou on the Beijing-Guangzhou Railway. See "Renovation of Railways," *Beijing Review*, January 28, 1980, pp. 6-7.

¹⁴CIA, *Electric Power for China Modernization: The Hydroelectric Option*, (Washington, D.C.: May, 1980), pp. 3-6.

¹⁵Dori Jones, "Recharging the Electric Power Sector," *The China Business Review*, March-April, 1981, pp. 9-12. I believe the *pin-yin* for the new coal center in Shanxi Province should be "Shuo-Xian," instead of "Suoxian," which was used in Jones' article. See *Zhong-hua ren-min gong-he-guo fen sheng ditiji* (the atlas of the provinces of the People's Republic of China), p. 5.

S.H. Chou is the author of *Chinese Inflation, 1937-1949* (New York: Columbia University Press, 1963) and, with Janet Chapman, of the forthcoming book, *Economies of the Soviet Union and People's Republic of China: A Comparative View*. He has served as a consultant of the United Nations and is the author of many books and articles on the Chinese economy.

BOOK REVIEWS

ON CHINA

CHINA'S GLOBAL ROLE. *By John Franklin Copper.* (Stanford: Hoover Institution Press, 1980. 181 pages, bibliography, notes, tables and index, \$7.95, paper.)

John Copper examines "China's national power capabilities . . . to afford a more precise measurement of China's rank in the hierarchy of world powers" and its ability to "play a role in world affairs." China has been a great Asian nation and can be expected to be great again. Under Communist rule, the People's Republic appeared to be attaining this goal, particularly after its atomic bomb became a reality in 1964. China is apparently the leader of the third world countries, and the two power blocs in the world have become three. China, however, remains an undeveloped nation; it may not become the world power that some of the experts believe it already is.

In analyzing China's position in the world power structure, Copper uses six criteria: geography and population, natural resources, economic strength, military power, the political system, and science and technology. After a detailed examination of each of these criteria, Copper concludes that "China possesses important assets to enable it to be a major actor in world politics; it is also handicapped by problems or liabilities in every category of national power." Compared to the United States and the Soviet Union, China "demonstrates marked general weaknesses in every realm. Clearly China is not a superpower and will not be in the future. . . ." He concludes that we should neither "hope nor fear that China will seriously alter the course or nature of world politics."

Copper writes in an interesting and readable style; his notes and charts are valuable additions to the book. O.E.S.

THE CHINESE ECONOMY: PROBLEMS AND POLICIES, 2nd ed., revised. *By Jan S. Prybyla.* (Columbia, South Carolina: University of South Carolina Press, 1981. 331 pages, figures, maps, tables and index, \$19.50, cloth; \$7.95, paper.)

Jan Prybyla has revised his excellent 1978 edition, chapter by chapter, to bring it up to date using the latest available information. He has retained the lists of selected readings at the end of each chapter, which offer valuable suggestions for further study. He believes that since the death of Chairman Mao Zedong, "the flow of events in China has expanded and speeded up. The changes have been spec-

tacular." Many negative aspects of the Chinese economy have recently become available for study. Prybyla believes that it is difficult to "predict which of several possible directions" the economy will take.

Prybyla's examination of China's economic problems is detailed and interesting reading. He is "cautiously optimistic" that China will solve its problems. He closes with a quote from Deng Xiaoping, "The most important problem confronting the Chinese people is to have enough to eat." O.E.S.

THE ROAD TO CONFRONTATION: AMERICAN POLICY TOWARD CHINA AND KOREA, 1947-1950. *By William Whitney Stueck, Jr.* (Chapel Hill: The University of North Carolina Press, 1981. 326 pages, bibliography, notes and index, \$20.00, cloth; \$10.00, paper.)

William Stueck attempts to answer the question of how "the United States became engaged in . . . unwanted conflict with China and Korea" in November, 1950. He describes American policy toward both countries in the late 1940's and notes that "America's quest for credibility" to contain communism was a "key aspect of United States foreign policy" in determining American actions.

After elaborating United States defeats and triumphs in diplomacy, Stueck concludes "that America was not—nor did it need to be—a major military power on the continent of Asia." Nonetheless, the Sino-American conflict in Korea encouraged Washington to ignore this fact.

The extensive notes, maps and index are fine additions to this account. O.E.S.

PEASANT CHINA IN TRANSITION: THE DYNAMICS OF DEVELOPMENT TOWARD SOCIALISM, 1949-1956. *By Vivienne Shue.* (Berkeley: University of California Press, 1980. 410 pages, bibliography and index, \$25.75.)

The author describes the manner in which the Chinese Communist party worked to move the peasant population from its thousand-year-old living pattern towards socialism. O.E.S.

THE CHINESE AND THE JAPANESE: ESSAYS IN POLITICAL AND CULTURAL INTERACTIONS. *Edited by Akira Iriye.* (Princeton: Princeton University Press, 1980. 368 pages and index, \$25.00, cloth; \$9.95, paper.)

Akira Iriye writes of the almost two-thousand-year relationship of the Chinese and Japanese; they

(Continued on page 277)

POLITICS OF REFORM

(Continued from page 262)

socialism). The eventual standoff on the merits and faults of the PLA writer Bai Hua after heated debate in the press in April and May demonstrated that this larger ideological question remained unresolved.¹⁶

When the sixth plenum finally took place on June 27-29, 1981, it became clear that on a limited agenda of crucial issues Deng Xiaoping had scored solid gains. The plenum passed a landmark resolution on party history since 1949, which firmly underscored the ideological legitimacy of his reforms and provided a solid base from which to defend them against leftist criticism. The resolution thus firmly upheld the correctness of the broad "united front" approach to China's modernization embodied in the 1956 eighth party congress line, which has been the doctrinal starting point for many of Deng's reforms. And it systematically and explicitly rejected the theory of "continuing the revolution under the dictatorship of the proletariat," Mao's ideological critique of the eighth party congress line and his rationale for the Cultural Revolution.

More explicitly and harshly than any previous discussion of Mao Zedong in the Chinese press, the resolution detailed Mao's errors in appraising China's domestic situation and needs and his judgment in the years after 1956, rejecting excuses on Mao's behalf and declaring simply that Mao had become conceited, arrogant and smug.¹⁷

Hu Yaobang displaced Hua Guofeng as party chairman, as anticipated, and Zhao Ziyang (whose standing in earlier months had seemed dimmed by the shadow over the economic reforms which he symbolized) moved up to become the party's fourth-ranking leader. Hua Guofeng, besides losing the chairmanship, suffered the enormous humiliation of a scathing criticism of his fitness to lead the party incorporated into the historical resolution itself.¹⁸

Despite these substantive gains, however, the plenum probably achieved less for Deng than he might have hoped had it met the previous winter. The plenum's terse communiqué bespoke the sharply limited agenda of issues on which the leadership had reconstituted a consensus. Despite all the economic uncertainties of the previous months and although the December central work conference had been declared the scene of an ultimate victory over leftism in the Chinese economy, the plenum could not bring itself to address the economy, at least in its communiqué.

¹⁶Xinhua, May 23, 1981, in *FBIS*, May 26, 1981.

¹⁷"Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC," *Renmin Ribao*, July 1, 1981, pp. 1-5.

¹⁸"Communiqué of the 6th Plenum of the 11th CCP Central Committee, *Renmin Ribao*, June 30, 1981, p.1.

While the plenum as scheduled the previous winter was almost certainly ready to take up problems of reform in the party's structure in preparation for a twelfth party congress, the plenum that actually convened in June did not discuss the question. The plenum communiqué, in fact, made no mention of the party congress at all, and in view of the persisting leadership disagreement over fundamental ideological and political questions, it seems improbable that the congress will convene in 1981. If that is the case, then the congress will not have met ahead of schedule, as called for by the party's fifth plenum, when political trends were strongly in Deng's favor.

On those issues that the plenum did address publicly, Deng's substantial gains were offset by evidence of the uncertainties and dissension of the previous months. While acknowledging his errors, the resolution declared that, in judging Mao's actions as a whole, "his contributions to the Chinese revolution far outweigh his mistakes." Hua Guofeng's appointment by the plenum as the lowest-ranking vice chairman seems generous, moreover, in view of the harshness of his public humiliation, and may testify to the strength of remaining sentiment on his behalf in the party leadership. Time will tell more accurately whether Hua's new post is only a momentary stopping point en route to political obscurity.

However subsequent events on China's domestic political scene clarify Deng's gains at the sixth plenum, the events of 1981 have shed much light on the nature of the opposition he faces and the constraints within which he must maneuver. Most clearly, the broader pattern of advance and retreat of his reforms in 1981 demonstrates how quickly his overall reform policy package can unravel as a consequence of the perceived failure of one specific element. Deng's seemingly inexorable advance toward his reform goals in November, 1980, was thus halted decisively by a changed assessment of China's economic situation and its social and political implications.

The setbacks to Deng's political reforms in the period since December, 1980, moreover, are the second major instance of his forced retreat from efforts to press political goals beyond the limits approved by a significant segment of the Chinese leadership. The oscillating pattern of Deng's advance through 1978, his retreat in the spring of 1979, his advance through 1980, and his retreat again in the early months of this year suggest that while there is a broad leadership commitment to fundamental political reform for China's overall modernization, serious disagreement remains with regard to the scope and pace of such reform. The apparent balance between those like Deng, who seek rapid change, and others, like Hua Guofeng, Ye Jianying and Chen Yun, who seek gradual and controlled change, is delicate and sensitive to external circumstances. ■

THE HUNDRED FLOWERS

(Continued from page 257)

This has effectively resisted the spread of certain sentimental 'hit tunes.' " However, "some comrades fell sick after listening to the prize-winning songs."¹¹

Especially harmful, it would seem, is the demonstration effect caused by the influx of hard-currency-bearing foreign tourists. "It is by no means permissible to allow the practice of closely following a foreign style without paying attention to national characteristics; such as showing men pursuing women and women fleeing, rolling in the grass, romantic swimming, kissing and hugging."¹²

The near-ridiculous is a mere dialectical twist away from the sublime. Those lucky few who have managed to negotiate the examination obstacles (some not without a little assistance from powerful relatives) find frustration even in the midst of their joy at being able to immerse themselves in book learning without official opprobrium. The educational reforms since 1976 brought the school system nearer to where it had been in the 1950's (before the Great Leap Forward), an era marked by a Stalinist perception of intellectual freedom. No wonder cries of anguish can be heard from some students; in the humanities and the social sciences especially. "... We hoped that in our classes [after the reform] we would breathe fresher air. However, the classes made us lose hope once again. ... Most of our time was wasted in memorizing dogma and the words of the teacher. ... Our talents are insulted, our value is mocked. ... We despair."¹³

There are many other students whose intellectual ambitions are more modest. Their principal discontent is with living conditions, classroom—specially laboratory—space, and other material facilities. Factory workers, especially the younger recruits, have similar complaints. Occasional protests have erupted against the occupation of school buildings and workers' housing by the army or civilian bureaucracies.

Four other groups among the aging young require notice. Those who have not been fortunate enough to escape their places of rural exile and who remain on the farms, working in remote places, probably number in the millions. For them the only tangible compensation is the possibility that under the new order they may be allowed to earn a little extra

comfort from work on private plots or in village industries. On October 29, 1980, a bomb planted in Beijing's railroad station killed ten persons and injured many more. At first it was suspected that it might have been the work of terrorist gangs, to which reference had been made by Hu Qiaomu in *Xinwen Zhanxian* (Journalistic Front) in February, 1980. The offender, it turned out, was an isolated, rusticated urban youth who had been unable to find a job in the city and whose act was a protest suicide.

Then there are the "democracy activists," mostly young workers who for awhile expressed their dissent in wall posters and tracts that called for true democracy, qualitatively different from that envisaged by the doctrine of the hundred flowers. The party could not permit such a big leap in the definition of blooming and contending. The democracy wall was banned, the right to compose big character posters was excised from the constitution, and the chief instigators of the movement (e.g., Wei Jingsheng) were sentenced to long periods of imprisonment.

The third group consists of those married couples who have been separated for years by the system's labor allocation policies and those who (in answer to the party's urgings) have postponed having children. They are joined by those who regard the regime's family planning quotas to be an unwarranted interference in the most intimate area of their lives. At the very least, in the new, materially oriented social climate, people expect to be paid in cash, or with extra housing space, bigger household plots, or easier access to formal education, for their Malthusian restraint.

Finally there are the rehabilitated older experts who again publish, work at their craft and travel a bit, but who feel the burden of lost years and whose prescriptions for national economic and technical salvation hark back to the 1950's.

China's discontents and problems are not easily exorcised by ritual immersions in political education and another round of revolutionary vigilance. Two basic remedies are needed: a restoration of faith and a tangible improvement in the individual's material condition. In 1981, party and nonparty elites, the young and the old, remain apprehensive and skeptical. It is difficult to build a new and better order on such an unstable foundation. The present leadership has thus far not escaped the morale-sapping tendency to alter course without notice and to challenge the people's residual trust. The promised delivery of more material goods has been hindered by open inflation, urban unemployment, huge budgetary deficits, balance of payments disequilibria, rising inventories of unsalable goods, and very long building periods for factories, although the more entrepreneurial peasants seem to have benefited from the regime's policy reappraisal. Still, although the crisis of faith is most acute in the cities, it also affects rural China. ■

¹¹Guangzhou, Guangdong Radio, May 24, 1980, in *FBIS*, May 29, 1980; *Beijing Wanbao*, May 19, 1980, p. 3, in *FBIS*, June 5, 1980.

¹²*Jilin Ribao*, May 22, 1980, in *FBIS*, May 23, 1980.

¹³Article written by third-year students in the Chinese Department at one of China's liberal arts colleges in a provincial capital, obtained by *The New York Review* and reprinted in *The Asian Wall Street Journal*, December 27, 1980, p. 4.

CHINA'S NUCLEAR DETERRENT

(Continued from page 249)

Soviet attack unless more expensive and intricate sub-systems (for example, computers, radars, electronics for early warning and targeting) were acquired to gather information on the location and speed of incoming aircraft or missiles. Even if this technology were in use, China's outdated MIG-17's, MIG-19's and MIG-21's could not match Soviet MIG-23's to avoid the eradication of its own bombers in air-to-air combat; with only 100 SA-2 surface-to-air missiles, an incoming thrust could not be parried by this means either.

In short, to rectify these comparative deficiencies and to establish a credible airborne deterrent, China would require massive subventions far in excess of its present means. Even if funds were available, it would not necessarily be in China's best interest to channel large-scale resources into such a technically competitive field with a relatively low degree of survivability. Nonetheless, to dissipate the enemy's military forces, it makes sense to maintain an airborne system. Thus although Beijing has expressed an interest in the British Harrier V-Stol aircraft and the French Mirage F-1 interceptor, no firm orders have been placed; on the other hand, the purchase of production licenses for the British Spey 202 engine implies that the airborne system will be slightly upgraded. In other words, China is going to continue to rely primarily on its obsolescent inventory of TU-16's (medium-range strategic jet bombers), which can penetrate into Central Russia, threatening such Soviet cities as Tashkent, Frunze, Omsk, Karaganda, Novokunelsk and Krasnoyarsk.²¹

In contrast to a land-based or airborne deterrent, choosing the submarine-launched ballistic missile option for fuller development offers several advantages that China is already actively pursuing. While no system can guarantee complete invulnerability, a strategic submarine force with the capacity to patrol deep and vast ocean areas is comparatively untargetable.²² Hence the existence of such a force would

²¹For details on population figures of the top 50 Soviet cities, see Alton H. Quanbeck and Archie L. Wood, *Modernizing the Strategic Force* (Washington, D.C.: The Brookings Institute, 1976).

²²The advantages of a seaborne system are detailed in *Report of Secretary of Defense to the Congress on F.Y. 1981 Budget* (Washington, D.C.: U.S. Government Printing Office, January 29, 1980), p. 70.

²³Edward N. Luttwak, *op. cit.*, p. 15.

²⁴An excellent account is given by Commander Bruce L. Swanson, "The Navy of the People's Republic of China," in Barry M. Blechman and Robert P. Berman, eds., *Guide to Far Eastern Navies* (Annapolis, Md.: Naval Institute Press, 1978).

²⁵Harry G. Gelber, *Technology, Defense and External Relations in China* (Boulder: Westview Press, 1979), p. 78.

decrease any incentive for one country to attack another because such an attack would not eliminate the ability to retaliate.

With a nuclear submarine system, China would operate mainly in the Indian and Arctic Oceans and could thus target the most populous and industrial West European Soviet cities, like Leningrad, Kursk, and Archangel. This would mean long transit times from home base, however, and in order to guarantee the availability of two operational submarines in firing position at all times, China would need four to six boats.²³ In addition, further technical development in areas like submarine launch techniques, long distance command and communications, ocean mapping, navigation equipment and training, and anti-submarine warfare would also be essential in order to set up an effective deterrent.

The immediate establishment of such a complicated submarine system is not within China's powers nor its goals. But while there are no current signs that China is opting for a Trident-type force, more than 80 R-class and W-class diesel engine submarines have already been commissioned, and more are planned.²⁴ It has been claimed that by 1982 6 Han-class submarines will have been built, each with 6 missile tubes (which could be converted to 12 tubes) to accommodate a Polaris-type missile.²⁵ China can also rely on the further importation of "grey area" foreign technology and the expansion of indigenous research and development to reduce the inadequacies of its existing seaborne facilities. Apart from the continued self-improvement of naval infrastructure, Chinese military aid to Sri Lanka and Tanzania, for instance, will ensure the availability of essential port facilities in the Indian Ocean; the encouragement of a larger United States presence there will also help to minimize the threat to China's submarines. In short, a further strengthening of China's seaborne capabilities and the emergence of a survivable Chinese nuclear deterrent seem imminent.

CONCLUSION

Looking at military modernization overall by international standards of spending as a percentage of GNP, China's higher than normal ratio indicates that defense is a national priority. Nuclear modernization, in particular, has been shielded from political disruption and is likely to retain a high standing because it is a built-in part of China's defense strategy, an adjunct to Mao's People's War concept.

China's nuclear pledge of no-first-use places a premium on survivability, and chiefly for this reason China will probably concentrate on building up its submarine-launched ballistic missile system, even though it is still quite limited; land-based and airborne facilities will also be maintained because a triad of nuclear forces more effectively dissipates attack.

With a comparatively high defense expenditure ratio, a relatively rapid GNP growth rate easing financial constraints, and a less self-denying attitude towards foreign technology and training that will reduce supply bottlenecks, China may well be able gradually to erect a credible nuclear deterrent. ■

AGRICULTURAL REFORM IN CHINA

(Continued from page 267)

reduced to 316 MMT in 1980. Nevertheless, to reach 400 MMT in 1985, the average annual increase for 1981-1985 would be around 17 MMT. The goal may be difficult to reach if poor weather persists. However, with above-average weather conditions, the goal of 1985 may still be reached if food grains production is emphasized continuously.

The target of an annual growth rate of 4-5 percent for gross agricultural output is ambitious, because the long-term annual growth rate of gross agricultural production was around 3.0 percent during the past three decades. Recent agricultural policies and measures allot an increasing total of resources to support agriculture, to provide peasants more incentive to work hard and to emphasize well-rounded development in agriculture. As the policy of overemphasizing the production of food grains is discontinued, more resources will be available for commercial crops, poultry and livestock production. Cheaper feed grains may also be imported to increase the output of products with higher value added, like poultry and livestock. Actually, the output of products with higher value added from private plots and the sideline activities of the peasants have already increased substantially during the past few years in response to recent changes in agricultural policies, and the rapid increase in the output of such products is expected to continue. All these factors should stimulate the output increase in gross agricultural production. Even if the actual performance of gross agricultural production falls short of the target, it is still possible to achieve an annual growth rate of 3-4 percent during the next few years.

Meanwhile, these factors may make the food grain target for 1985 more difficult to reach. As the policy of self-sufficiency in food grains is relaxed, the Chinese will depend on the import of food grains to make up any deficiency. The foreign exchange earnings from

the export of high-valued commercial crops and livestock should exceed the foreign exchange expenditure for the import of cheap feed grains and food grains. The net result will be an increase in the net earning of foreign exchange and a more adequate and balanced diet for the population.

Since 1949, the annual per capita food grains output in China has fluctuated close to 300 kilograms (kg). Given a population of 958 million in 1978 and 971 million in 1979¹⁵ and a food grains output of 305 MMT¹⁶ in 1978 and 332 MMT¹⁷ in 1979, the per capita output of food grains reached a height of 318 kg and 342 kg for 1978 and 1979 respectively. If the annual population growth rate remains at the rate of 1.2 percent for the period 1980-1985, the Chinese population would reach 1,042 million by 1985. However, if the growth rate declines gradually from the 1.2 percent in 1978 to 0.5 percent in 1985 as targeted by China's family planning program, the population would reach 1,013 million.¹⁸ With a grain supply (production plus import) of 400 MMT in 1985, this implies a per capita output of food grains of 384 kg for 1985, if the population continues to grow at an annual rate of 1.2 percent, and 395 kg if the population declines gradually to 0.5 percent as targeted. Either figure would represent at least some kind of breakthrough for China's agriculture; the intake of protein (in the form of pork and chicken) for the population would increase substantially from the present low level.

CONCLUSION

Of course, China's extensive agrarian reform program can only be as effective as the leaders, planners and managers who will ultimately direct it and carry it out. Therefore the success of this modernization depends on many unknown factors. First, will China have a relatively stable political environment that will allow the continued implementation of this program for years to come? Second, will the party or party cadres who have no technical expertise continue to make decisions on agricultural production and construction tasks? Third, will China continue to strengthen the research program on plant and animal breeding, which is supposed to be balanced between theoretical and applied fields? Will careful experiments be made before China extends much further the triple-cropping system instead of concentrating growing input resources on a double-cropping system?¹⁹

Fourth, how well will the mechanization program be carried out in terms of balance among food grains, forestry, animal husbandry and fishery? And in terms of balance among planning, harvesting, sideline production, transportation, loading and unloading? How well will organizational changes increase efficiency in the production and management of farm machines, including the fuller utilization of the capacity of farm

¹⁵"Communiqué on Fulfillment of China's 1979 National Economic Plan," *Beijing Review*, May 19, 1980, p. 24.

¹⁶"Communiqué on 1978 National Economy," *Beijing Review*, July 6, 1979, p. 38.

¹⁷"Communiqué on Fulfillment of China's 1979 National Economic Plan," *Beijing Review*, May 12, 1980, p. 14.

¹⁸"Population: Looking Out For Number One," *The China Business Review*, September-October, 1979, p. 55.

¹⁹Frank Leeming, "Progress Towards Triple-Cropping in China," *Asian Survey*, May 1979, pp. 450-67.

machinery plants and the greater standardization of parts?²⁰ Fifth, will China take advantage of the international resources endowment and division of labor? Will detailed studies be made to find out whether China should import more cotton or grow more cotton domestically, to grow more soybeans, an important source of protein, in lieu of food grains when the food grains output per capita has reached a certain level? And to import more poultry and livestock feeds in order to export more high-value-added livestock products? Finally, and crucially, how far can self-management for production teams, production from private plots, sideline activities, and rural trade fairs be encouraged without inviting backlash and open opposition from those who are uneasy about or afraid of such reforms? ■

²⁰Robert C. Hsu, "Agricultural Mechanization in China: Policies, Problems, and Prospect," *Asian Survey*, May, 1979, pp. 436-49.

BOOK REVIEWS

(Continued from page 272)

have shared tradition and customs but "their patterns of development have been vastly dissimilar." The essays in this volume examine and expound this point of view. O.E.S.

RURAL SMALL-SCALE INDUSTRY IN THE PEOPLE'S REPUBLIC OF CHINA. Edited by Dwight Perkins. (Berkeley: University of California Press, 1981. 296 pages, appendices, photographs and index, \$24.00 cloth; \$7.95 paper.)

This is the report of the American Rural Small-scale Industry Delegation to China in 1975. The delegation as a whole contributed to the conclusions in this volume and its discussion of the "great diversity that characterizes rural small-scale industry in" China. O.E.S.

CHINA: ITS HISTORY AND CULTURE. By W. Scott Morton. (New York: Harper and Row, 1981. 276 pages, bibliography, chronology and index, \$16.95.)

W. Scott Morton has written a history of China for the casual reader, scholar, traveler or interested layman, believing that a knowledge of Chinese history is essential for understanding the new China of today.

Morton writes well and the photographs and maps are handsome. O.E.S.

IN THE EYES OF THE TYPHOON: AN AMERICAN WOMAN SHARES IN THE UPHEAVALS OF CHINA'S CULTURAL REVOLUTION, 1966-1978. By Ruth Earnshaw Lo and Katharine S.

Kinderman. (New York: Harcourt Brace Jovanovich, 1980. 289 pages and glossary, \$12.95.) O.E.S.

CHINA'S INDUSTRIALIZATION

(Continued from page 271)

designed capacity of about 11,000 mw, are now under construction. The most important among these projects are the Gezhouba station (2,710 mw) on the Changjiang River in Hubei Province, the Longyangxia station (1,500 mw) on the upper Huanghe River in Qinghai Province, and the Wuqiangxi station (1,500 mw) in Hunan Province. Also under construction (and some near completion) are the Taipingshao station (160 mw) in Liaoning Province, the Hunanzhen station (170 mw) in Zhejiang Province, and the Jinshuitan station (200 mw), also in Zhejiang.¹⁶ The completion of these large projects would represent a 50-60 percent boost in China's hydro-generating capacity.

Along with these large units, China has been building small hydroelectric stations. In 1980, more than 4,000 such small stations were built with a total generating capacity of 800 mw. This raises the number of China's small hydroelectric power stations to 90,000, with a total installed capacity of 7,100 mw. These small stations play an important role in providing electricity to rural areas and aiding irrigation.¹⁷

In addition to building electric power generating stations, the Chinese are making a special effort to improve the technology needed for high voltage electricity transmission and the manufacture of power-generating equipment. China has recently signed agreements with Westinghouse and Combustion Engineering, Inc., under which the American companies will provide the know-how and help to train technical personnel to manufacture steam turbines and generators of the 300 mw and 600 mw classes.¹⁸

Despite reported retrenchments, the total value of China's industrial output, in terms of the constant yuan, continued to grow by 8.5 percent in 1979 and 8.7 percent in 1980. In comparison with the growth rates of the 1950's, the growth rates of heavy industries were substantially reduced. But these reductions were more than offset by the rapid expansion in the production of light industries.¹⁹

¹⁶"Speeding Up Building of Hydropower Stations," *Beijing Review*, August, 1980, pp. 5-6; and the attached map at the end of the CIA monograph on *The Hydro-Electric Option*.

¹⁷"4000 New Hydroelectric Stations," *Beijing Review*, February 16, 1981, pp. 6-7.

¹⁸According to the *Beijing Review* article referred to in footnote 15, the Wujiangxi station was already under construction in 1980, although the CIA map (published in May, 1980) showed it only as a proposed project.

¹⁹Based on the statistics given in the State Statistical Bureau, *Communiqué on Fulfillment of China's 1980 National Economic Plan* (issued on April 29, 1981) and *Communiqué* for the 1979 plan (issued on April 30, 1980).

China is not expected to maintain the high rate of capital accumulation attained in the 1950's and 1960's. In those years, capital accumulation often exceeded 30 percent of the gross national product (GNP). While the share of the central government allocations in the total investment has decreased, the share of the investments financed by local authorities and collective enterprises has expanded since 1978. This trend is expected to continue. There has also been a shift of investment priority from heavy industries to light industries.

Improving living standards has become a political as well as an economic necessity. The austerity programs pursued in the past decades are no longer acceptable to the Chinese. Chinese leaders hope that the shift in priority to light industries will raise the return from investment and that the loss in capital accumulation caused by the lower accumulation rates may be offset, at least in part, by rapid growth in the income base. This actually happened in Japan, Hong Kong, Taiwan and South Korea after World War II.

While the readjustment program did reduce some of China's imports, the total value of its imports has never declined; it registered an increase of 29.6 percent in 1979 and 19.2 percent in 1980.²⁰ However, there were important changes in the composition of the imports. The percentage share of steel products in the total imports, for example, has been reduced, while that of machinery and equipment imports (including transportation equipment) has increased. Imports of complete plants will probably be slashed in favor of contracts for training and other forms of technology transfers.

The future of China's imports will depend heavily on its exports. The future of its cotton imports will be determined by its ability to expand textile exports. Future grain purchases will probably be related to foodstuff exports; a large fraction of its grain imports bolstered its capacity to export rice. China needs Western technology and capital goods for economic development; these imports, however, will have to be financed by foreign credits or by compensation trade. Financing arrangements will play a crucial role in determining China's choice of and capacity to make such imports.

Dominated by agricultural products, American exports to China are less vulnerable to the PRC's retrenchment in projects of heavy industries. The total trade between the two countries is expected to exceed \$6 billion in 1981 and \$10 billion in 1984. In recent years, United States exports usually accounted for three-fourths of China's total trade.²¹ Besides estab-

²⁰*Ibid.*

²¹These are projections of Malcolm Baldrige, U.S. Secretary of Commerce; see *Wall Street Journal*, June 8, 1981.

²²See "Communiqué on Fulfillment of China's 1980 National Economic Plan." *Beijing Review*, May 18, 1981, p. 18.

lished exports like petroleum, foodstuffs and textile products, other potentials could have important bearing on the future of China's foreign trade.

Non-ferrous metals. Tin, tungsten and antimony have been China's leading non-ferrous exports, which amounted to about \$100 million in 1980. In addition, the country has rich reserves in manganese and possibly titanium. With Western cooperation, these non-ferrous exports could be developed into a major source of China's foreign exchange earnings.

Tourism. This potential should be explored. China has ancient palaces and temples and scenic spots of unmatched natural beauty. These endowments, together with China's rich historical and cultural background, could be great tourist attractions. In 1980, some 5.7 million foreigners and overseas Chinese visited the PRC and contributed more than \$600 million to its foreign exchange coffers.²²

To develop the tourist trade, however, China must expand its hotel facilities. A thriving tourist trade also requires quality services at reasonable costs—a feature not always available in China. Here again, China could benefit substantially from Western expertise and experience in promoting tourism.

Special economic zone (SEZ). Thus far, three of the proposed SEZ's are in active operation, located in Shenzhen near Hong Kong, Zhuhai near Macao, and Xiamen in Fukien Province (opposite Taiwan). Foreign firms are allowed to lease land in SEZ on a long-term basis, with the Chinese providing necessary infrastructures. In addition, SEZ's also provide tax benefits and normally permit duty-free imports of raw materials and semimanufactured goods to be processed for re-export. Low-cost labor and land are other possible attractions.

Thus far, SEZ's have been more appealing to the manufacturers in Hong Kong and Macao than those of other countries, although there are also participants from Japan, the United States and Western Europe. In view of rising production costs in Hong Kong and other Asian countries, properly administered SEZ's in China could attract foreign investment. If successful, these SEZ's could contribute to facilitating technology transfers, providing employment, and augmenting China's foreign exchange earnings.

China is a large country with a variety of untapped resources. To exploit its potential, however, it needs an efficient managerial system and a workable formula for joint ventures that will not only be compatible with Chinese ideology but will also attract Western technology and capital. ■

Erratum: We regret an error in our November, 1980, issue on Canada in the article, *Separatism and Quebec*, by Peter T. Sherrill. Page 137, right column, lines 46-48 should read: "With 84 percent of the electorate voting, Quebecers defeated the Parti Québécois proposal 59.5 percent "no" to 40.5 percent "yes."

CHINA'S GLOBAL STRATEGY

(Continued from page 244)

other developing countries. There is also third world apprehension that China will become a formidable competitor in selling textiles and other labor-intensive products in Western markets, to their disadvantage. China is also competing for construction projects abroad and for soft loans and credits in Western countries, while China's trade with other third world countries has declined as a portion of its overall trade.

In addition, in recent months, third world leaders have been disappointed by China's condemnation of the nonaligned movement. Chinese leaders have assailed nonalignment because of increased Cuban and Vietnamese efforts to promote ties between the third world and the Soviet Union, portraying Moscow as a friend of the third world.

A CHANGED PERSPECTIVE

On the other hand, China still views the third world as a battleground in its dispute with the Soviet Union and for this reason cannot be judged to have abandoned the third world altogether. What has changed in terms of China's outlook and policies is China's emphasis on strategically located third world countries and areas where, for reasons of proximity or opportunity, China can exercise some degree of influence. Thus, in the last year or two China has given special attention and assistance to anti-Vietnamese forces in Kampuchea (Cambodia) and Laos, Pakistan (because of the situation in Afghanistan) and Kenya, North Yemen, Egypt and several other countries because of their special locations or situations in Africa and the Middle East. In so doing, China has demonstrated a willingness to support Communist movements without regard to their human rights record or their lack of mass support, anti-Communist movements when they are anti-Soviet (or anti-Vietnamese or anti-Cuban) and right-wing governments that are anti-Soviet or have a strategic geographical location.

On the other hand, Chinese leaders have tried to play down tensions between third world countries and the West, in contrast to their pronouncements a decade and a half ago to the effect that the south and poor countries would surround the "city" or Western countries as the Communists surrounded and defeated the Nationalists during the Chinese civil war (1945-1949). To a large extent, Beijing now follows the lead of the West in third world countries. Its policy is no longer anti-status quo, except in its competition with the Soviet Union. Finally, its leadership role among third world countries is more and more conceived as a liaison role with the West (assum-

ing China to have influence over the West because of its ranking as a global power—which other third world countries do not have).

China's global perspective has been largely influenced in recent years by its continued alienation from the Soviet Union and its preoccupation with economic growth and modernization. And it seems that both these factors will influence the Chinese view of the world in the foreseeable future. How the issues are debated by China's inner leadership hierarchy, of course, is unknown; there is obviously no good way to predict policy decisions in China or even to know which leaders are secure and can survive inner-party struggles. Likewise, it is difficult to say what changes will be made in China policy in the United States.

Excluding surprises, it can be argued that China no longer views itself as a member of the Communist bloc (at least as it is led by the Soviet Union). China has identified itself as a third world country—which means that it is not a Communist bloc member if the world is divided into two camps. But in the sense of global influence China is not a third world country; it is a member of a team or united front aligned against the Soviet Union to halt Soviet expansionism and hegemonism. Of course, it is not clear to what extent other members of the united front perceive themselves as members of this alignment.

There is also a question with regard to China's continuing participation. After all, China also views the world as multipolar; if the united front is successful and Soviet expansionism is halted, then there is room for flexibility, and China can move to mend its relations with the Soviet Union. China's antipathy toward the Kremlin is very costly, and Chinese leaders are now pragmatic. On the other hand, the world remains basically bipolar in military terms, and as long as the Soviet threat exists, Beijing may perceive that it needs at least an informal alliance with the United States.

In either case, China will probably not experience the cycles of introversion and extroversion or isolationism and foreign involvement characteristic of the 1950's and 1960's. Chinese leaders can be expected to continue to seek a meaningful role in international politics and to become a supporter of international law and norms of behavior. China will also undoubtedly become a more open country and will abandon many of the trappings of political and economic ideology, although the privileges China has recently been granting to foreigners may create a backlash of xenophobia.

While China's new world view has contributed to its greater participation in global affairs and has certainly benefited China, especially in the realm of economic development, there are elements of unrealism in China's perspective. The détente between the United States and the Soviet Union, lost during

the second or the third year of the Carter administration, may well be put back on track soon. Taiwan also presents an obstacle to closer Sino-American ties. It must also be remembered that West Europe and Japan do not want to spend more on defense and do not agree on the seriousness of the Soviet threat. Finally, should China's view of the world be so restricted by strategic concerns? Many would argue that today's world is too complex for this approach. ■

AMERICA'S CHINA POLICY

(Continued from page 253)

relations, the Taipei government urged Taiwan business interests to diversify their export markets, with particular focus on Europe—and the results have been most satisfactory. In 1980, Taiwan's trade with West Europe totaled \$4.9 billion—up \$900 million from 1979. Taiwan's total trade, \$30.8 billion in 1979, was \$39.49 billion in 1980. And American-Taiwanese trade increased in that same period. Taiwan's trade with the United States, \$7.3 billion in 1978 (the last year of American-Taiwanese diplomatic relations), totaled \$11.4 billion in 1980—as compared with the two-way trade of \$4.8 billion between the United States and China. Diplomatic relations, it has been discovered, are not needed for profitable economic exchanges with Taiwan. By present projections, in 1989, near the end of China's new 10-year economic plan, Taiwan expects to rank as an industrialized country, but not as a province of the People's Republic of China. And this factor has political as well as economic importance for the United States.

ECONOMIC AND STRATEGIC IMPERATIVES

For China, the economic factor will evidently prove more decisive than the political in the two decades ahead; but while in Taiwan the economy is an element of strength, for China it spells weakness. True, China's trade in general, and trade with the United States in particular, has continued to increase. In 1979, American exports to China totaled \$1.716 billion, and imports from China totaled \$592.3 million; in 1980, exports mounted to \$3.749 billion, while imports also nearly doubled, to \$1.058 billion. But the exchanges have taken on a cast different from that envisaged by many foreign businessmen when they contemplated the grandiose "four modernizations" program in China at the beginning of 1979. China's exports to the United States, for one, include a large percentage of textiles, and 50 percent to 60 percent of China's imports from the United States are made up of agricultural products, not advanced industrial equipment or sophisticated weaponry. Barring the discovery of vast oil wealth, the clear prospect is for slowed, not accelerated, economic development in

China, with the emphasis on agriculture and light industry instead of on heavy industry, communications and the infrastructure China needs in order to become a superpower by the year 2000. And there is the rub, for the United States in particular. For it has been viewing China as a market hungry for heavy industrial products as well as foodstuffs and raw cotton; and it hoped to be paid for those American exports in products other than textiles and other products of China's light industry.

Of course, the geopolitical factor occupies a prominent place in the developing Sino-American relationship. The significance of Sino-American relations for the Sino-Soviet and American-Soviet conflicts is clear. The United States hopes to "play the China card" against its prime adversary, the Soviet Union. The Chinese leadership plans, along parallel lines, to "play the American card" and, to that end, would like to weld the United States with other nations into what the Maoist strategists have termed "the broadest possible united front" against China's prime enemy.

The Reagan administration has continued along the road taken by its Democratic predecessor, with some new emphases, as regards both the mainland and Taiwan. Secretary of Defense Caspar W. Weinberger stated in London on April 4 that, if the Soviet Union were to intervene in Poland, the United States could impose trade sanctions on the Soviet Union and sell weapons to China. It was in that atmosphere that Secretary of State Haig made his official visit to Beijing in mid-June, 1981, to discuss, among other things, "security ties" between the two countries and the matter of American arms sales to Taiwan.

On June 13, while Haig was en route to Beijing, it was reported that he proposed to tell the Chinese that there existed a "strategic imperative" for the two nations to have closer political, economic and security ties, because of a growing Soviet threat to both the United States and China. The day before, in Beijing, the official press carried a *New China News Agency* commentary stating that

China has made it explicitly clear that it would rather refuse United States arms than consent to United States arms sales to Taiwan, an interference in China's internal affairs. . . .⁴

The Chinese had staked out their bargaining position.

In a news conference at the end of his three-day visit, Secretary Haig said that his talks with key Chinese leaders foreshadowed the fact that the Reagan administration "will be marked by a major expansion of Sino-American friendship and cooperation." Noting that the two countries were only friends, not allies, he announced that the United States had decided in principle to sell arms to China, but that details of arms sales would be worked out in the course of a visit by a high-level Chinese military

⁴*The New York Times*, June 14, 1981.

mission to Washington, D.C., in August, with Chinese requests for specific arms to be handled on a case-by-case basis. With regard to Taiwan, Haig reported that he had informed the Chinese side that the unofficial relationship between the American and Taiwanese peoples would continue. Significantly, no joint communiqué was issued. There had apparently been some areas of difference in the American and Chinese views. Nonetheless, on the day of Haig's departure from Beijing, Washington disclosed that in 1980 an electronic station, jointly operated by the United States and China, had been established in China's remote Xinjiang-Uighur Autonomous Region for the purpose of monitoring Soviet missile tests—with the intelligence shared by the two countries. The collaboration between the two was more intimate than had previously been made public.

The Sino-American policy course has been roughly charted, but it does not promise to be always smooth. As for the sale of weapons to China, the United States Central Intelligence Agency's National Foreign Assessment Center made public an analysis in early August, 1980, in which it was concluded that the modernization of China's armed forces would probably be a process spread over decades; Chinese leaders "now more than ever recognize that they must correct fundamental weaknesses in the economy before they can undertake an extensive upgrading of defense capabilities."⁵ And in September, subsequent to that estimate, the National People's Congress decided to cut the military budget by \$2 billion, reducing it to \$13.1 billion. How can China modernize its armed forces in the foreseeable future, unless the United States supplies both capital and training?

The Reagan administration has said that before negotiating arms sales for China the United States will consult with Japan and other friendly nations. How many will be found in agreement? China has border and power problems not only with the Soviet Union but with other neighbors. The Japanese Institute of Foreign Affairs recently urged measures to prevent China from becoming a military and economic threat to the free world. In February, 1981, a writer connected with the North Atlantic Treaty Organization's Economic Directorate referred to this statement and to China's many unsettled border claims and noted that

It is therefore highly questionable if a militarily strong China—which implies Western assistance in enhancing its military capabilities—can contribute to peace and stability in South-East Asia.

⁵*Ibid.*, August 10, 1980.

⁶Rainer W. Rupp, "China's strategic aims and problems of military modernization," *NATO Review*, February, 1981, pp. 14-20. See also in this general connection, Albert L. Pfaltzgraff, Jr., "China, Soviet Strategy, and American Policy," *International Security*, Fall, 1980, pp. 24-48.

And he remarked that a basic principle of Chinese strategy "has always been to encourage rival states to wear each other down, to use the 'barbarian to fight the barbarian.'"⁶

And this is what makes it difficult for the United States to move from détente to full entente with China. The stated American objective of welding China into the world community in a way designed to promote world peace and order is politically wise and commendable. But the Communist rulers of the People's Republic have what is for the most part a radically different world outlook from that of the United States. The evolution of current American policy vis-à-vis China and Taiwan is a potentially explosive issue to be addressed with circumspection and with regard for a multitude of related factors in the complex Asian sector of today's world. ■

FOUR MONTHS IN REVIEW

(Continued from page 304)

Supreme Court

July 1—In a 6-3 vote, the Supreme Court upholds a U.S. court of appeals ruling that television stations must sell "reasonable" amounts of air time to aspirants to federal office who request this time after they announce that their campaigns have begun.

July 2—The Supreme Court rules unanimously that Presidents Jimmy Carter and Ronald Reagan exercised legal authority in carrying out the agreement that ended the Iranian hostage crisis.

July 7—President Reagan nominates Arizona court of appeals Judge Sandra Day O'Connor to the Supreme Court; if confirmed, she will be the 1st woman Supreme Court Justice.

VATICAN

July 15—In an unusual public disclosure of its finances, Vatican officials report that the Curia, the government of the Roman Catholic Church, will incur a deficit of about \$26 million for 1981.

July 22—An Italian court finds Mehmet Ali Agca guilty of attempting to assassinate Pope John Paul II and sentences Agca to life in prison.

VIETNAM

(See also *Intl. U.N.*)

July 7—The bodies of 3 U.S. servicemen missing in action in the Vietnam War are turned over to U.S. officials at Clark Air Force Base in the Philippines.

YUGOSLAVIA

July 17—Dzavid Nimani resigns as president of the autonomous province of Kosovo, the scene of riots by ethnic Albanians.

ZAMBIA

July 22—Copper miners continue their 5-day-old strike; they reject a 10.6 percent pay increase offer.

July 27—President Kenneth Kaunda detains 4 trade union leaders and a businessman for promoting the copper and cobalt miners' strike and for attempting to overthrow the government.

FOUR MONTHS IN REVIEW

A Current History chronology covering the most important events of April, May, June, and July, 1981, in four monthly sections, to provide a day-by-day summary of world affairs.

APRIL, 1981

INTERNATIONAL

Front-Line States

(See also *U.S., Legislation*)

Apr. 16—Meeting in Angola, the Presidents of Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe denounce "actions by the current U.S. administration to destabilize" the Soviet-supported government of Angola.

In Washington, D.C., U.S. State Department spokesman Dean Fischer says that the U.S. is only intending to restore President Ronald Reagan's "full latitude in conducting foreign affairs," in seeking repeal of the Clark Amendment that restricts U.S. aid to Angolan rebels.

North Atlantic Treaty Organization (NATO)

Apr. 8—Meeting in Bonn. NATO Defense Ministers warn the Soviet Union about intervention in Poland and express concern over the "unrelenting Soviet buildup . . . in the whole range of their nuclear forces."

Organization of Petroleum Exporting Countries (OPEC)

Apr. 19—In Washington, D.C., Saudi Arabian Oil Minister Sheik Ahmed Zaki Yamani says that Saudi Arabia will continue its high rate of oil production and will maintain current prices until other OPEC members reduce their prices by as much as 15 percent.

United Nations

Apr. 9—At a U.N. conference in Geneva, the U.S. promises \$285 million in aid for some 5 million African refugees in 1981-1982; Canada, Britain and the Netherlands also promise substantial aid.

Apr. 10—35 nations sign a treaty prohibiting the use of cruel and inhumane weapons, like napalm, against civilian concentrations; the U.S. did not sign the treaty, pending review by U.S. President Reagan.

ARGENTINA

Apr. 7—In Buenos Aires, U.S. Army Chief of Staff General Edward C. Mayer meets with Argentine Army Commander Lieutenant General Leopoldo F. Galtieri; the U.S. agrees to provide consultation services for the Argentine army.

Apr. 29—Following the imprisonment of 2 Argentine army officers in Chile on April 25, Argentina closes its borders with Chile; the officers and their wives are being held in Chile on charges of espionage.

Apr. 30—In Buenos Aires, more than a thousand people violate the law by demonstrating against the government's repressive human rights policies; this is the largest demonstration since the military took power 5 years ago.

BELGIUM

Apr. 1—Prime Minister Wilfried Martens submits his government's resignation to King Baudouin.

Apr. 2—King Baudouin asks Finance Minister Marc Eyskens, a Flemish Social Christian, to form a new government.

Apr. 6—Eyskens's coalition Cabinet is sworn in.

CANADA

(See also *U.S., Legislation*)

Apr. 14—In yesterday's provincial election in Quebec, Premier René Lévesque and the separatist Parti Québécois win 80 of the 122 seats in the province's National Assembly; the Liberal party, led by Claude Ryan, wins 42 seats.

Apr. 16—8 of Canada's 10 provincial premiers submit a new constitutional plan to the federal government; Minister of Justice Jean Chrétien says the government plans to enact a new federal constitution without provincial approval.

CHILE

(See *Argentina*)

CHINA

Apr. 15—The U.S.-based Coca Cola Company opens a bottling plant in mainland China.

Apr. 24—Peking Radio announces that gun control rules will go into effect to regulate the purchase, possession, sale and use of military pistols, rifles and machine guns.

It is reported that Chinese officials purposely underestimated the damage caused by the floods and the drought in 1980; it is estimated that 130 million people, not 21 million, are facing food shortages.

Apr. 30—Deputy Prime Minister Huang Hua announces that the Communist party has reached consensus on Chairman Mao Zedong; Hua says that Mao's contributions outweighed his mistakes, which included the people's commune system, the Great Leap Forward and the Cultural Revolution.

COSTA RICA

Apr. 8—As a result of terrorist bombings on March 17 in San José, the government expels 6 Guatemalan opposition leaders; 36 foreign exiles have been deported since the March bombings, which were allegedly the work of foreign terrorists.

CUBA

(See *Nicaragua*)

CZECHOSLOVAKIA

(See also *Poland*)

Apr. 5—Soviet President Leonid I. Brezhnev arrives in Prague and is greeted at the airport by Czechoslovak President Gustav Husak; Brezhnev is scheduled to attend the 16th Czechoslovak party congress that opens tomorrow.

DOMINICAN REPUBLIC

Apr. 7—Following the disorders caused by protesters demonstrating against the April 2 arrival of U.S. naval vessels on a goodwill visit to Santo Domingo, calm is restored; 4 people were killed and several hundred were arrested in the demonstrations.

EGYPT

Apr. 28—Defense Minister Lieutenant General Mohammed Abdel Halim Abu Ghazala says he has asked the U.S. to supply Egypt with F-16 fighter bombers, M-60 tanks, Hawkeye E2C radar reconnaissance planes and improved Hawk ground-to-air missiles; he cites the military threat from Libya and Soviet expansion in Africa.

EL SALVADOR

(See also *U.S., Foreign Policy*)

Apr. 7—Treasury Police reportedly kill 24 civilians in the Soyapango shantytown of San Salvador.

Apr. 9—Colonel Francisco Mora, in command of the Treasury Police, announces that 59 members of the force have been dismissed "for abuse of authority"; he says some of the agents may be criminally prosecuted.

Apr. 15—In Miami, Florida, Hans Christ is arrested and charged with murdering José Rodolfo Viera, head of the land redistribution program, and 2 U.S. labor advisers, Michael P. Hammer and Mark D. Pearlman, in March. Police in San Salvador arrested another man a week ago and charged him with taking part in the murders.

Apr. 23—A military spokesman reports that government troops have completed a sweep of the Guazapa region, an alleged guerrilla stronghold, and have killed some 200 people.

Apr. 29—In Washington, D.C., Under Secretary of State for Security Assistance James L. Buckley says that arms supplies are being rerouted into El Salvador from Cuba via Honduras.

FRANCE

Apr. 25—A spokesman for the government announces the resumption of grain sales to the Soviet Union, which will total 60,000 tons.

Apr. 27—In yesterday's first round of the presidential elections, President Valéry Giscard d'Estaing and Socialist leader Francois Mitterrand emerge as the leading contenders; they will oppose each other in a runoff election on May 10.

GERMANY, EAST

Apr. 16—In East Berlin, concluding a 6-day meeting, the East German Communist party unanimously reelects Erich Honecker secretary general.

GERMANY, WEST

(See also *Saudi Arabia*)

Apr. 2—Foreign Minister Hans-Dietrich Genscher arrives in Moscow to talk to Soviet Foreign Minister Andrei Gromyko and Soviet President Leonid Brezhnev.

GREECE

Apr. 8—The government cancels an agreement with the Soviet Union to service its Mediterranean fleet support vessels; Greece agrees to continue to repair Soviet commercial ships. NATO officials have long been critical of Greece's agreement with the Soviet Union.

GUATEMALA

(See *Costa Rica; United Kingdom, Belize*)

INDIA

(See also *United Kingdom, Great Britain*)

Apr. 17—In the first high-level meeting between Indian officials and officials of the administration of U.S. President Ronald Reagan, Foreign Ministry official Eric Gonsalves expresses his government's concern over the U.S. decision to provide Pakistan with about \$1 billion in military and economic aid.

IRAN

(See also *U.S., Foreign Policy*)

Apr. 1—On the 2nd anniversary of the establishment of the Islamic Republic, Ayatollah Ruhollah Khomeini urges the judiciary and the Islamic Revolutionary Guards to rid themselves of unsuitable members.

Apr. 7—The government closes *Mizan*, the country's largest opposition newspaper, after yesterday's arrest of its managing editor, former Commerce Minister Riza Sadr, on charges of slander and libel; the newspaper is owned by former Prime Minister Mehdi Bazargan.

ISRAEL

(See also *Lebanon*)

Apr. 22—In Tel Aviv, Prime Minister Menachem Begin officially protests the U.S. decision to sell Saudi Arabia radar reconnaissance planes (Awacs).

ITALY

Apr. 4—Milan police arrest Red Brigades leader Mario Moretti in connection with the 1978 murder of former Prime Minister Aldo Moro.

JAPAN

Apr. 9—In the East China Sea, the *George Washington*, a U.S. nuclear-missile-carrying submarine, accidentally collides with a Japanese freighter, the *Nissho Maru*, sinking the freighter. No damage is done to the submarine, which leaves the area immediately. The captain and first mate of the freighter are reported missing and presumed dead.

Apr. 20—The U.S. Navy accepts liability for the sinking of the Japanese freighter.

Apr. 28—The president of the Japan Nuclear Power Company Shunichi Suzuki apologizes to the nation for covering up a nuclear spill accident in January, 1981, and for a second leak at the same plant on March 8.

LEBANON

Apr. 2—In the worst violence since 1976 in Beirut, fighting erupts between Lebanese Christian militiamen and Syrian troops along the division between the Christian and Muslim sectors of Beirut and in Zahle in the Bekka Valley, 30 miles outside Beirut. 37 people are reported killed and more than 160 are reported wounded.

Apr. 7—Syrian Deputy Prime Minister and Foreign Minister Abdel Halim Khaddam arrives to talk with President Elias Sarkis; Khaddam accuses Israel of provoking the fighting by supporting the Christian militia in Zahle.

Apr. 10—Fighting continues in Zahle; in southern Lebanon Israeli planes attack a Palestinian guerrilla stronghold, killing 14 Palestinians and wounding 25.

Apr. 14—In Tel Aviv, an Israeli military spokesman says that Israeli forces are aiding Christian militiamen in the

Beirut area and are supporting Major Saad Haddad's forces in southern Lebanon.

Apr. 16—Israeli planes attack a Palestinian guerrilla area near Tyre in southern Lebanon; earlier in the day Israeli soldiers shot down a hot air balloon carrying Palestinian guerrillas trying to enter Israeli territory.

Apr. 27—An increase in the level of fighting between Israeli-backed Lebanese Christian militiamen and Syrian and Lebanese Muslims in southern Lebanon is reported.

Apr. 28—Israeli planes shoot down 2 Syrian helicopters over east central Lebanon; this is the first time Israeli planes have defended Christian militiamen in central Lebanon.

In retaliation for the Israeli action, Syrian forces shell Zahle, killing 12 people and wounding 45; to protest the shelling, Defense Minister Joseph Skaf and Public Works Minister Elias Herawi, residents of Zahle, resign their posts.

Apr. 29—Reports from Beirut indicate that Syria has moved 6 Soviet-made SAM-6 antiaircraft missiles into eastern Lebanon.

Apr. 30—Syrians are reported to be moving 6 more SAM-6 antiaircraft missiles into Lebanon.

President Sarkis dispatches 200 Lebanese army regulars to join 500 Lebanese soldiers in the U.N. peace-keeping force in southern Lebanon; the move is opposed by Lebanese Christian Phalangist leaders.

LIBERIA

Apr. 11—In a show of support for the government of Master Sergeant Samuel K. Doe, 100 U.S. Special Forces demonstrate parachuting techniques; the Special Forces (Green Berets) will conduct a month-long basic infantry training program for Doe's forces.

LIBYA

(See *Nicaragua*; U.S.S.R.)

MAURITANIA

Apr. 26—Civilian Prime Minister Sidi Ahmed Ould Bnei-jara is replaced by Lieutenant Colonel Maaouya Ould Sidi Ahmed Taya, a career soldier. The change in leadership was ordered by the ruling Military Committee of National Salvation.

NAMIBIA (South-West Africa)

Apr. 23—In London, representatives of the U.S., Canada, Great Britain, West Germany and France call for the adoption of a constitution before South Africa withdraws from Namibia and before free elections are held; the South-West Africa People's Organization (SWAPO) and black African states demand that South Africa withdraw before the elections are held; they demand elections before a constitution is adopted.

NICARAGUA

Apr. 1—In Washington, D.C., the State Department cancels \$15 million in economic aid to Nicaragua because, it charges, Nicaragua continues to support Salvadoran guerrillas.

Apr. 24—A spokesman for the government says that the Soviet Union has agreed to donate 20,000 tons of grain and to lend the government 2 transport helicopters and crews to transport food and medical supplies; the government reports it has received \$100 million from Libya and \$64-million worth of technical equipment from Cuba since the U.S. terminated its economic aid.

PAKISTAN

Apr. 21—In Washington, D.C., Foreign Minister Agha Shahi says the U.S. has offered Pakistan a 5-year economic and military assistance package to help Pakistan withstand the Soviet threat from Afghanistan; the aid package will amount to \$500 million in the first year.

PHILIPPINES

Apr. 7—Voters overwhelmingly support President Ferdinand E. Marcos's proposals for constitutional amendments; the amendments establish a parliamentary system of government and give Marcos the right to run for another 6-year term.

Apr. 8—Marcos selects Finance Minister Cesar Virta as the nation's first Prime Minister.

POLAND

Apr. 2—After a meeting with Deputy Prime Minister Mieczyslaw Jagielski in Washington, D.C., U.S. Vice President George Bush announces that the U.S. will provide Poland with \$70-million worth of surplus butter and dried milk.

Apr. 7—In an address to the 16th Czechoslovak party congress, Soviet President Leonid I. Brezhnev says the Poles should be able to settle their own disputes by themselves.

It is announced in Moscow that the Warsaw Pact maneuvers near Poland have ended.

Apr. 10—Parliament approves a resolution calling for a 2-month suspension of strikes and strike threats.

Apr. 13—It is reported that in a Polish parliamentary dispute 2 weeks ago Soviet President Brezhnev suggested that no changes be made in the composition of the Politburo or the Central Committee.

Apr. 14—The Ministry of Internal Trade announces rationing for butter, wheat, flour, rice and cereals for the first time since World War II.

Apr. 17—The government agrees to the Polish farmers' demands and allows them to form an independent union, Rural Solidarity.

Apr. 22—The Communist party daily *Trybuna Ludu* accuses the West of exaggerating the extent of the Warsaw Pact maneuvers to stimulate Polish distrust of the Soviet Union; it says the maneuvers were "exceptionally modest."

Apr. 23—Soviet Politburo member Mikhail A. Suslov arrives unexpectedly in Warsaw for a 1-day meeting with Communist party leaders.

Apr. 25—Tass, the official Soviet press agency, warns the Polish leadership that the party is being threatened by "revisionism" from within.

For the first time since last fall, the government and representatives of the independent trade union Solidarity begin talks on a variety of issues.

Apr. 29—Communist party First Secretary Stanislaw Kania addresses the opening session of the party's Central Committee meeting; he says the party must adopt democratic reforms.

Apr. 30—Former Prime Minister Jozef Pinkowski is officially dropped from the Politburo and is replaced by a coal miner and a factory worker, who serve on the Central Committee.

SAUDI ARABIA

(See also *U.S.*, *Foreign Policy*)

Apr. 7—Shortly before U.S. Secretary of State Alexander M. Haig Jr. is scheduled to arrive for an official visit, the

Saudi government breaks diplomatic relations with the Soviet-backed government in Afghanistan.

Apr. 28—West German Chancellor Helmut Schmidt tells Saudi Crown Prince Fahd that West Germany cannot sell Saudi Arabia military equipment at this time.

SOUTH AFRICA

(See also *U.S., Foreign Policy*)

Apr. 16—After 2 separate warnings from Prime Minister P.W. Botha, government security police order Anglican Bishop Desmond Tutu to surrender his passport; during a recent trip to the U.S., Tutu urged the U.S. and Europe to increase economic pressures on South Africa to force the government to negotiate with its black majority.

Apr. 28—In a campaign speech, Prime Minister Botha says that South-West Africa (Namibia) will not be turned over to the guerrilla forces of the South-West Africa People's Organization (SWAPO).

Apr. 29—In nationwide parliamentary elections restricted to whites, the ruling National party of Prime Minister Botha wins all but 35 of the 165 seats in Parliament; the National party's share of the popular vote dropped from 64.4 percent of the vote to 59 percent, with the right-wing Herstigte Nasionale party increasing its share of the popular vote from 4 percent to 13.8 percent.

SWITZERLAND

Apr. 5—Voters reject a government-proposed constitutional amendment that would have removed constraints on foreign workers remaining in Switzerland.

SYRIA

(See *Lebanon*)

THAILAND

Apr. 2—Speaking from Nakhon Ratchasima, 130 miles northeast of Bangkok, Prime Minister General Prem Tinsulanonda claims he is still Prime Minister despite yesterday's coup attempt by General Sant Chipatima, the leader of a newly announced Revolutionary Council; King Phumiphol Aduldet and his family fled to Nakhon Ratchasima with General Prem.

Apr. 3—Sant Chipatima is dismissed from the army by a "royal command."

Troops loyal to Prem Tinsulanonda converge on Bangkok and retake the royal palace. Officers involved in the coup attempt will be tried by a "special committee."

Apr. 4—Prime Minister Tinsulanonda returns to Bangkok.

TURKEY

(See also *U.S., Military*)

Apr. 4—The Confederation of Turkish Trade Unions rejects a government-proposed labor code, calling it a setback for workers' rights.

Apr. 7—*Search*, a weekly magazine owned by former Prime Minister Bulent Ecevit, is confiscated by the government for "discrediting the security forces."

UGANDA

Apr. 28—The Tanzanian government announces the start of troop withdrawal from Uganda, despite a Ugandan request that the troops remain.

U.S.S.R.

(See also *Czechoslovakia; France; Germany, West; Greece; Nicaragua; Poland; U.S., Foreign Policy*)

Apr. 27—In Moscow, President Leonid I. Brezhnev meets

with Libyan leader Colonel Muammar el-Qaddafi.

UNITED KINGDOM

Great Britain

Apr. 12—In East London, black youths rampage for the 2d night; more than 1,000 policemen have been called in to protect the area. 200 people were arrested and several dozen people were injured in the rioting.

Apr. 13—Home Secretary William Whitelaw says the government will appoint a commission to investigate the causes of the rioting.

Apr. 14—Civil servants stage a walkout to demand a 15 percent wage increase.

Apr. 15—Prime Minister Margaret Thatcher arrives in New Delhi for a series of talks with Indian Prime Minister Indira Gandhi.

Apr. 21—Prime Minister Thatcher refuses to meet with 3 members of the Irish Parliament who wish to discuss the case of Robert (Bobby) Sands, near death in a Northern Ireland prison as a result of a 52-day hunger strike. (See *Northern Ireland*.)

Northern Ireland

Apr. 10—In yesterday's parliamentary by-election, Robert Sands, an imprisoned member of the Irish Republican Army, is elected to the British Parliament; Sands is reported very weak in the 6th week of his hunger strike. He and several other prisoners at Maze Prison are demanding that jailed IRA prisoners be treated as political prisoners rather than as criminals.

Apr. 18—Sands receives the last rites of the Roman Catholic Church.

Apr. 22—Fighting continues between British troops and police and Catholic youths in Londonderry and Belfast.

Territories and Colonies

BELIZE

Apr. 2—In Belize and Corozal, fighting is reported between government troops and opposition party members; the opposition is demanding an early referendum on the terms for independence. In March, Guatemala renounced its claim to Belize in exchange for access to the sea; subsequently, Belize and British officials agreed to discuss a new constitution for the self-governing British colony of Belize, which is scheduled to receive its independence in 1981.

Apr. 14—Following a series of talks in London, British and Belize officials agree on a new constitution.

UNITED STATES

Administration

Apr. 1—Recovering from chest surgery to remove an assassin's bullet, President Ronald Reagan is moved out of the intensive care unit at George Washington University Hospital to a private room.

Vice President George Bush presides over White House meetings in place of the President.

Effective today, the U.S. government stops underwriting special welfare programs for destitute Indo-Chinese refugees who have been in the U.S. for 3 years.

Apr. 2—Secretary of Health and Human Services Richard Schweiker announces the appointment of Arthur Hull Hayes Jr. as Commissioner of Food and Drugs.

Federal Bureau of Investigation (FBI) spokesman Roger Young reports that explosive bullets were used by gunman John Hinckley in his attempt to assassinate President Reagan; the bullet that hit the President did not explode.

- Apr. 6—The Federal Communications Commission votes to allow the American Telephone and Telegraph Company to raise interstate long-distance telephone rates by as much as 16 percent.
- Apr. 7—Secret Service Agent Timothy McCarthy, shot during the attempt on President Reagan's life, leaves the hospital.
- Apr. 9—The Federal Election Commission votes 6 to 0 to permit those former hostages who were federal employees to accept unlimited fees for speeches, articles and appearances about their experience in Iran by deferring payments in excess of \$25,000 per year to future years; this rule now applies to all federal officials.
- Apr. 11—President Reagan returns to the White House. Washington police officer Thomas Delahanty, wounded in the attempt on the President's life, also leaves the hospital.
- Apr. 13—Copies of President Reagan's 1980 tax returns are released by the White House; the President's 1980 income was \$227,968 and his federal tax was \$69,465.
- Apr. 15—President Reagan issues unconditional pardons to FBI officials W. Mark Felt and Edward S. Miller, who were convicted in November, 1980, of conspiring to violate the constitutional rights of U.S. citizens by authorizing break-ins and other illegal activities.
- Apr. 16—President Reagan meets Secretary General of the North Atlantic Treaty Organization Joseph M.A.H. Luns at the White House.
- Apr. 22—The White House announces the appointment of Thomas O. Enders as Assistant Secretary of State for Inter-American Affairs and Yale University law professor Eugene V. Rostow as director of the Arms Control and Disarmament Agency.
- Apr. 23—The Federal Home Loan Bank Board approves regulations that will permit federally chartered savings and loan associations to offer variable-rate mortgages.
- Apr. 28—President Reagan addresses a joint session of Congress to urge the passage of his economic package in its entirety.
- Apr. 30—President Reagan appoints Lieutenant General Edward L. Rowley as chief negotiator for the Arms Control and Disarmament Agency.
- The White House reports the appointment of Californian Robert P. Nimmo as head of the Veterans Administration.

Civil Rights

- Apr. 6—The American Bar Association releases figures that show that the number of women enrolled in law schools rose to 33.5 percent in the last 6 years and that the number of blacks enrolled fell slightly, to 4.4 percent, in that same period.
- Apr. 20—The 3-year-old mandatory busing program to achieve integration in the Los Angeles Unified School District ends, at least temporarily; legal challenges to the school district's action ending the busing continue.

Economy

(See also *Administration*)

- Apr. 1—Most major banks across the country cut their prime lending rate to 17 percent.
- Apr. 3—The Labor Department reports that its producer price index rose 1.3 percent in March.
- The Labor Department reports that the nation's unemployment rate remained unchanged at 7.3 percent in March.
- Apr. 16—The Treasury Department reports that it will no longer support the dollar in foreign exchange trading on

a day-to-day basis; it will support the dollar only in an emergency (such as the assassination attempt on President Reagan).

- Apr. 20—The Commerce Department reports that the gross national product (GNP) rose at a 6.5 percent yearly rate in the 1st quarter of 1981.
- Apr. 23—The Labor Department reports that its consumer price index rose 0.6 percent in March.
- Apr. 29—The Chase Manhattan Bank and several other large banks raise their prime rate to 18 percent.
- The Commerce Department reports that its index of leading economic indicators rose 1.4 percent in March.

Foreign Policy

(See also *Intl. U.N.; Argentina; Dominican Republic; Egypt; El Salvador; India; Israel; Japan; Nicaragua; Pakistan; Saudi Arabia*)

- Apr. 3—The White House announces that movie actor John Gavin has been chosen as ambassador to Mexico.
- Apr. 4—Secretary of State Alexander M. Haig Jr. begins a 9-nation trip, meeting with Egyptian officials in Cairo.
- Apr. 5—The Defense Department says that President Ronald Reagan sent a note to Soviet President Leonid Brezhnev expressing his concern over the Polish situation.
- Apr. 6—The White House announces that President Ronald Reagan will name Assistant Secretary of State Deane R. Hinton as ambassador to El Salvador, succeeding the recalled Robert E. White.
- After 2 days in Britain, Defense Secretary Caspar Weinberger arrives in Bonn for a meeting of NATO Defense Ministers.
- The U.S. asks the International Court of Justice in The Hague to dismiss U.S. claims for damages from Iran as a result of the Iranian seizure and detention of American hostages.
- Apr. 7—Secretary Haig arrives in Riyadh, Saudi Arabia, from Amman, Jordan; Jordan's King Hussein told him that Israel was the disruptive force in the Middle East.
- Apr. 11—Secretary Haig ends his 9-day, 9-country European and Middle East trip in Bonn after conferences in London and in Paris.
- Apr. 15—Chester Crocker, Assistant Secretary of State-designate for Africa, meets with South African Foreign Minister Roelof F. Botha in Pretoria to discuss the deadlock over Namibian (South-West Africa) independence.
- Apr. 20—The *New York Times* publishes the text of a March 31 speech given by Secretary Haig to the Trilateral Commission; Haig declared that the U.S. should oppose human rights violations "by ally or adversary" but should be more tolerant of "authoritarian regimes" than of "totalitarian" regimes.
- Apr. 21—The White House announces that the U.S. will sell Saudi Arabia military hardware, including 5 Awac electronic surveillance planes; congressional approval must be obtained for the deal.
- Apr. 22—Acting White House press secretary Larry Speakes says that the U.S. believes "that the arms sale to the Saudis will be a stabilizing influence in the Middle East" and a counter to the "Soviet threat" in the Persian Gulf area.
- Apr. 24—President Ronald Reagan ends the 15-month ban on U.S. grain exports to the Soviet Union.
- Apr. 25—Secretary Haig says that in case of "internal or external aggression by the Soviet Union [in Poland] there would be an across-the-board" cut-off of trade, including a resumption of the grain embargo.

Apr. 26—Federal Bureau of Investigation director William Webster says that "... there is no real evidence of Soviet-sponsored terrorism within the United States."

Labor and Industry

Apr. 17—Negotiators for the United Mine Workers and the Eastern and Middle Western coal companies suspend bargaining sessions; the union has been on strike for 22 days.

Apr. 28—The Ford Motor Company reports a loss of \$439 million for the 1st quarter of 1981; the Chrysler Corporation reports a loss of \$298 million for the same period.

Legislation

Apr. 27—Speaking on the Senate floor, Senator Alan Cranston (D., Ca.) says that both India and Pakistan are making "final preparations" for nuclear test explosions.

Apr. 29—By a 91-0 vote, the Senate approves a treaty with Canada that calls for the establishment of a panel of international judges to settle a U.S.-Canada dispute over maritime boundaries in the Gulf of Maine.

Military

Apr. 8—The last of the nation's 5-star generals, Omar Bradley, dies of cardiac arrest at the age of 88.

Apr. 10—The Defense Department notifies Congress that it plans to sell 15 F-4 jets to Turkey in a deal worth some \$78 million; this is the first sale of combat planes to Turkey since 1976.

Political Scandal

Apr. 27—Anne Arundel County, Maryland, Circuit Court Judge Bruce C. Williams rules that former Vice President Spiro T. Agnew took thousands of dollars in bribes while he was Governor of Maryland and, later, Vice President; Williams orders Agnew to repay some \$248,736 in kickbacks and interests to the state of Maryland.

Apr. 29—Representative Raymond F. Lederer (D., Pa.) resigns his congressional seat; he faced almost certain expulsion from the House because of his conviction January 9 on bribery charges resulting from the FBI's Abscam investigation.

Science and Space

Apr. 12—The space shuttle *Columbia* blasts into orbit from

Cape Canaveral, Florida, with astronauts John W. Young and Navy Captain Robert L. Crippen on board.

Apr. 14—The space shuttle *Columbia* makes a perfect return from orbit and lands at Edwards Air Force Base, California; this is the 1st time that a space vehicle has returned to Earth in condition to be used again.

Supreme Court

Apr. 6—The Supreme Court rules 8 to 1 that a state may not deny state unemployment benefits to a worker who leaves his job because it violates his religious beliefs.

Apr. 20—In a 6-3 decision, the Court rules that a so-called federal bill of rights for the mentally retarded does not require a state to provide any specific level of care or training for the retarded in a state institution.

Apr. 21—In a 7-2 ruling, the Court declares that even when police have a valid search warrant they may not enter a third party's home to look for a fugitive without an additional search warrant.

Apr. 28—In a 6-3 decision, the Court rules that a federal court may not impose a more stringent water pollution standard than that set by the Clear Water Act of 1972; the case involves the pollution suit filed by the State of Illinois against Milwaukee, Wisconsin.

YUGOSLAVIA

Apr. 3—In Pristina, the capital of the Autonomous Province of Kosovo, the Interior Minister imposes a curfew as tanks and troops take up positions to put down riots by Albanian separatists; 11 people are reported killed and 57 are reported wounded in the anti-government protests that began March 11.

VIETNAM

Apr. 26—Nationwide parliamentary elections are held for the 496-seat Assembly; all the candidates were selected by the Vietnam Fatherland Front, an arm of the Communist party. This is the first nationwide election since the country was unified in 1976.

ZAIRE

Apr. 23—Joseph Nsima, a former Interior Minister, is appointed Prime Minister; he replaces Karl-i-bond Nguza who resigned on April 17.

MAY, 1981

INTERNATIONAL

Asian Development Bank

May 1—U.S. Deputy Secretary of the Treasury Timothy McNamar tells a meeting of the Asian Development Bank in Honolulu that the U.S. will meet its financial commitments to the bank despite proposed budget cuts by the administration of U.S. President Ronald Reagan.

International Terrorism

May 24—4 "leftist extremist" terrorists hijack a Turkish DC-9 airliner and force it to fly to Burgas, Bulgaria; 5 American bankers are among the 110 passengers and crew aboard the plane.

May 25—A rescue operation frees the hijacked plane and its passengers; 5 hostages are wounded slightly and 1 terrorist is critically hurt.

Lebanon in Crisis

May 4—Despite an Israeli ultimatum that Syria withdraw its antiaircraft missiles from Lebanon or suffer Israeli

military strikes, Syrian President Hafez al-Assad refuses to withdraw the missiles.

U.S. Ambassador to Israel Samuel W. Lewis asks Israeli Prime Minister Menachem Begin to delay military action against the Syrian missiles.

May 5—In Washington, D.C., U.S. President Ronald Reagan announces that former U.S. Assistant Secretary of State Philip Habib will lead a U.S. diplomatic mission to Jerusalem, Damascus and Beirut to try to resolve the crisis.

In Washington, D.C., Soviet Ambassador to the U.S. Anatoly F. Dobrynin meets with U.S. Under Secretary of State for Political Affairs Walter J. Stoessel Jr. for the 3d time in 9 days; Dobrynin says the Soviet Union is urging Syria to show restraint.

May 6—In Damascus, Soviet First Deputy Foreign Minister Georgi M. Korniyenko arrives for talks with Syrian Deputy Foreign Minister Nasser Khaddour.

May 7—On the 1st stop of his diplomatic mission, special U.S. envoy Habib arrives in Beirut.

May 8—The Syrian Defense Ministry formally rejects

Israeli requests to remove its antiaircraft missiles from the Bekaa Valley in southern Lebanon.

May 14—In southern Lebanon, Syrian Soviet-made SAM-6 missiles shoot down a pilotless Israeli reconnaissance plane.

May 16—U.S. special envoy Habib arrives in Riyadh to meet with Saudi leaders to try to persuade them to pressure Syria to remove the missiles.

May 17—The Israeli Cabinet votes to continue to seek a diplomatic solution to the present crisis in Lebanon.

May 22—A pilotless Israeli reconnaissance plane is shot down by Syrian missiles over eastern Lebanon.

In Tbilisi, Soviet President Leonid Brezhnev renews his proposal for an international conference on the crisis in the Middle East; a U.S. State Department spokesman says the U.S. is opposed to "outside involvement."

May 24—Israeli Prime Minister Begin says that Soviet military advisers are going into Lebanon with Syrian army units.

May 25—Missiles fired from Syrian territory down an Israeli reconnaissance plane near the Lebanese-Syrian border.

Tass, the Soviet press agency, denies an Israeli claim that there are Soviet military advisers in Lebanon.

May 26—In Moscow, Jordan's King Hussein meets with Soviet President Brezhnev and endorses Brezhnev's plan for an international conference on the Lebanon crisis, with the PLO as an equal partner.

In Riyadh, Colonel Rifat al-Assad, President Assad's brother, begins talks with Saudi leaders on the crisis in Lebanon.

In Washington, D.C., a U.S. State Department spokesman says the U.S. has no information to confirm Prime Minister Begin's charge that Soviet advisers are in Lebanon.

May 27—U.S. special envoy Habib returns to Washington, D.C., for consultations.

May 28—Following an attack on Israeli reconnaissance planes in southern Lebanon by Libyan antiaircraft missiles, Israeli planes destroy a complex of Soviet-made Libyan antiaircraft SAM-9 batteries near Damur in southern Lebanon, a Palestine guerrilla stronghold.

May 29—In Washington, D.C., Habib tells President Ronald Reagan that a negotiated settlement in Lebanon is "achievable."

May 30—In Zahle, fighting is reported between Lebanese Christian militiamen and Syrian forces.

Middle East

(See also *Lebanon in Crisis*)

May 20—Egyptian Foreign Minister Kamal Hassan Ali announces in Cairo that Egypt, Israel and the U.S. have agreed on the makeup of an international peacekeeping force, consisting of 3 battalions headed by a U.S. civilian, to guard and patrol the Sinai borders after the final Israeli withdrawal in April, 1982.

North Atlantic Treaty Organization (NATO)

(See also *Germany, West; the Netherlands*)

May 5—U.S. Secretary of State Alexander Haig Jr. tells NATO foreign ministers meeting in Rome that U.S. President Ronald Reagan has written Soviet President Brezhnev to say that the U.S. is ready to discuss limitations on middle-range nuclear missiles in Europe.

Organization of Petroleum Exporting Countries (OPEC)

May 26—After 2 days of meeting in Geneva, OPEC members agree to freeze their oil prices at the present

level until their December meeting; most countries agree to a 10 percent cut in production, but Saudi Arabia will continue to maintain its high production rate, some 40 percent of OPEC's total production.

Persian Gulf Crisis

May 19—Fighting continues between Iranian and Iraqi forces around Abadan, the Iranian oil refinery.

United Nations

May 6—At the conclusion of a 3-day visit to the Soviet Union, U.N. Secretary General Kurt Waldheim calls for improved U.S.-Soviet relations and a revival of disarmament negotiations.

May 16—Secretary General Amadou-Mahtar M'Bow of the United Nations Educational, Scientific and Cultural Organization (UNESCO) tells a conference of the world's leading free news organizations, meeting in Talloires, France, that UNESCO will continue its efforts to regulate the flow of the world's news.

May 17—Representatives of the world's free news organizations declare that they will oppose "any encroachment" of press freedom.

May 20—In Geneva, the World Health Organization's committee of the whole votes to adopt a voluntary code recommending that governments ban the advertising of infant bottle formulas as a substitute for breast-feeding, to insure the "protection and promotion of breast-feeding"; the vote is 93 to 3, with 9 abstentions. The U.S. casts a negative vote because the administration believes that legislation to comply with the code in the U.S. would conflict with U.S. antitrust and other laws.

Stephen C. Joseph and Eugene N. Babb of the U.S., who are top-level officials in the Agency for International Development in Washington, D.C., resign to protest the U.S. vote.

May 21—In a 118-1 vote with 3 abstentions, the World Health Organization approves the code of guidelines on the promotion of baby formulas; the U.S. casts the only opposing vote.

BANGLADESH

May 30—In Chittagong, President Ziaur Rahman is shot and killed by rebel soldiers; 2 of the President's aides and several bodyguards are also killed.

Vice President Abdus Sattar becomes Acting President and declares a state of emergency.

In a broadcast on Chittagong radio, the rebel soldiers led by Major General Mohammed Abdul Manzur declare the formation of a revolutionary council for the eventual takeover of the country.

Government officials in Dacca deny that there has been any takeover of the government.

BOLIVIA

May 5—Government troops put down a 2-day takeover by right-wing terrorists of a Bolivian refinery, a subsidiary of Occidental Petroleum International; the terrorists were demanding the resignation of President Luis García Meza.

May 11—In Cochabamba, government troops quash a rebellion by paratroopers led by Colonel Emilio Lanza; Lanza is arrested.

May 25—In Cochabamba, Colonel Lanza, who escaped from prison, claims control of the city; he calls for the resignation of President García Meza.

CAMBODIA

May 9—In Beijing, Prince Norodom Sihanouk, former

head of state, says that he has accepted a Chinese offer to provide sufficient arms to outfit an army of 3,000 men to fight the Vietnamese controlled-government in Cambodia.

May 29—Defense Minister and Vice President Pen Sovan is elected Secretary General of the People's Revolutionary party.

CHAD

(See *Libya*)

CHINA

(See also *Cambodia*)

May 16—The Foreign Ministry issues a formal protest against Vietnamese "intrusions and armed provocations against Chinese territory" in Yunnan province; Chinese troops have reportedly killed more than 100 Vietnamese soldiers in recent fighting.

May 30—In Beijing, Chinese officials offer to allow Taiwan airlines to fly Taiwanese citizens to China for the funeral of Soong Ching-ling who died yesterday; she was the widow of Sun Yat-sen, the father of modern China.

COSTA RICA

May 14—In San José, a report released by a congressional commission accuses officials in the administration of President Rodrigo Carazo Odio of illegally selling arms to leftist guerrillas in El Salvador and accuses the government of covering up official involvement in the illegal trafficking of arms.

CYPRUS

May 24—Greek Cypriot parliamentary elections are held.

May 27—Election returns give the right-wing Democratic Rally party and the Communist Party (AKEL) each 12 seats in the 35-member Parliament; President Spyros Kyprianou's Democratic party wins 8 seats and continues to hold the balance of power in the Greek Cypriot Parliament.

ECUADOR

May 24—President Jaime Roldós Aguilera, Defense Minister Major General Marco Subía Martínez, 2 military aides and Roldós Aguilera's wife are killed in a plane crash.

Vice President Osvaldo Hurtado Larrea assumes the presidency.

EGYPT

(See also *Middle East*)

May 2—President Anwar Sadat announces his new budget: public and private sector employees will receive salary increases and the government will increase its subsidies of basic food items.

EL SALVADOR

May 7—The El Salvador Human Rights Commission, a private organization, reports that more than 8,500 people were killed in the first 4 months of 1981.

May 9—Defense Minister José Guillermo García announces that 6 members of the armed forces were arrested April 29 in connection with the murder of 4 U.S. missionaries.

FRANCE

May 10—In nationwide presidential elections, François Mitterrand, the Socialist candidate, emerges as the win-

ner; he defeats President Valéry Giscard d'Estaing to become the 1st Socialist President in the 23-year-old Fifth Republic.

May 11—Prices on the stock market and the value of the franc drop sharply; currency, gold and valuables are shipped out legally and smuggled out of the country, reflecting widespread uneasiness in France about Mitterrand's economic policies.

May 13—Prime Minister Raymond Barre submits his Cabinet's resignation to President Giscard.

May 21—François Mitterrand is sworn in as President; he names Pierre Mauroy, mayor of Lille, Prime Minister.

Mitterrand imposes currency exchange controls to stem the flow of French francs outside the country.

May 22—To try to stop the flow of currency abroad, a central bank spokesman announces that effective May 25 the prime interest rate will increase to 22 percent, the third rise in 12 days.

President Mitterrand names the members of his Cabinet and dissolves the National Assembly; new elections are scheduled for June.

GERMANY, WEST

(See also *Israel; U.S., Foreign Policy*)

May 11—Treasurer of the Free Democratic party Heinz Karry is assassinated; a terrorist organization is believed responsible for his murder.

May 13—The Cabinet votes to increase military spending by \$373 million; Parliament must approve the increase, which would bring total military spending to almost \$18.5 billion, \$1 billion more than provided in the previous budget.

May 20—Chancellor Helmut Schmidt arrives in Washington, D.C., for talks with U.S. President Ronald Reagan and U.S. Secretary of State Alexander M. Haig Jr.

May 26—In Parliament, at the urging of Chancellor Schmidt the coalition of Social Democrats and Free Democrats adopts a resolution to permit NATO to station additional medium-range nuclear missiles in West Europe.

GUATEMALA

(See also *U.S., Foreign Policy*)

May 7—Foreign Minister Rafael Castillo Valdez leaves for Washington, D.C., for talks with U.S. officials on the resumption of U.S. military aid to Guatemala.

May 23—The bodies of 15 people are discovered, including that of journalist Fluvio Alirio Mejía Milián who was kidnapped May 1; all the victims are thought to have been tortured before they were murdered.

IRAN

(See also *Intl, Persian Gulf Crisis*)

May 19—A spokesman for President Abolhassan Bani-Sadr reports that 2 presidential aides have been arrested and charged with removing classified documents from the foreign ministry; the spokesman claims the arrests were "planned in advance" by members of the Islamic Republican party, who oppose Bani-Sadr.

IRAQ

(See *Intl, Persian Gulf Crisis*)

IRELAND

May 21—Prime Minister Charles Haughey dissolves Parliament and calls for new elections June 11; he is asking for a mandate to pursue a political settlement in Northern Ireland.

ISRAEL*(See also Intl, Lebanon in Crisis, Middle East)*

May 6—After remarks made earlier in the week by West German Chancellor Helmut Schmidt that the Palestine Liberation Organization should be officially recognized, Prime Minister Menachem Begin says that Schmidt "never broke his oath of allegiance to the Fuhrer, Adolf Hitler."

May 24—Religious Affairs Minister Aharon Abuhazira is acquitted by a Jerusalem court of charges that he accepted kickbacks from religious schools.

ITALY

May 18—In a 2-day nationwide referendum, voters reject by a 2-1 margin a proposal to repeal the 3-year-old liberal abortion law.

May 23—Justice Minister Adolfo Sarti resigns from office because he is publicly linked with a secret Masonic Lodge called Propaganda-2, whose members have been accused of participating in criminal activities and associating with right-wing extremists. On May 21 following a police investigation, Prime Minister Arnaldo Forlani made public the names of 953 alleged members of the lodge.

May 26—Prime Minister Forlani submits his government's resignation to President Sandro Pertini when the Socialist members of his coalition refuse to support his plan to reshuffle his Cabinet.

May 28—The caretaker government of Prime Minister Forlani suspends high-ranking officials, including the 3 commanders of the intelligence services, following reports that they are members of the secret society, Propaganda-2.

JAPAN*(See also U.S., Foreign Policy, Labor and Industry)*

May 8—In Washington, D.C., Prime Minister Zenko Suzuki concludes 2 days of talks with U.S. President Ronald Reagan and U.S. Secretary of Defense Caspar Weinberger; Suzuki has reportedly agreed to maintain Japanese defense spending at a 7 percent annual growth rate and to increase Japan's contribution toward the maintenance of U.S. troops stationed in Japan.

May 16—Foreign Minister Masayoshi Ito resigns because Suzuki criticized him for releasing the communiqué on Suzuki's talks with the U.S. officials without adding Suzuki's subsequent comments; Suzuki appoints Sunao Sonoda to the post of Foreign Minister.

May 18—Former U.S. Ambassador to Japan Edwin O. Reischauer reveals that there was a secret oral agreement between Japanese and U.S. officials in 1960 that permits U.S. warships armed with nuclear weapons to enter Japanese waters and ports.

May 19—Chief Cabinet Secretary Kiichi Miyazawa says that "there has been no introduction of nuclear weapons into Japan," an action forbidden by the constitution.

May 22—In Parliament, Prime Minister Suzuki says there is no evidence that the agreement described by former Ambassador Reischauer ever existed.

May 24—At a nuclear power plant in Fukui staté, 15 workers are exposed to radiation when radioactive water overflows; a company spokesman says the accident was caused by human error.

JORDAN*(See Intl, Lebanon in Crisis)***LAOS**

May 21—In Washington, D.C., U.S. government officials report that under U.S. guidance Laotian exiles conducted excursions into Laos following reports that American prisoners of war are still alive in Laos.

LEBANON*(See Intl, Lebanon in Crisis)***LIBYA***(See also Intl, Lebanon in Crisis; U.S., Foreign Policy)*

May 17—The Libyan press agency reports that Libyan troops are withdrawing from Chad and are returning control to Chadian President Goukouni Oueddei.

MEXICO*(See Nicaragua)***NAMIBIA (South-West Africa)**

May 16—In Washington, D.C., South African Foreign Minister Roelof F. Botha meets with U.S. President Reagan and U.S. Secretary of State Haig to discuss terms for an acceptable settlement in Namibia.

May 31—U.S. government officials outline a new plan for Namibian independence; it includes improved U.S.-South African relations; the withdrawal of South African troops from Namibia; the withdrawal of Cuban troops from Angola; power sharing in Angola with Jonas Savimbi, the leader of the Union for the Total Independence of Angola; and black African states' support for guaranteed open elections in Namibia.

NETHERLANDS

May 26—In nationwide parliamentary elections, Prime Minister Andries A.M. van Agt and his right-wing coalition government lose their parliamentary majority; Agt is a strong supporter of the NATO proposal to station cruise missiles in the Netherlands.

NICARAGUA

May 7—Mexican and Nicaraguan officials sign an agreement in which Mexico will provide Nicaragua with \$200 million in economic and technical assistance during the next 2 years.

POLAND

May 12—A Warsaw court approves an application for the formation of an independent farm union, granting private farmers the same union rights as industrial workers.

May 23—The Polish press agency reports that former Prime Minister Edward Babiuch is under investigation by the government on fraud charges and that he has been suspended from the Communist party pending results of the investigation.

May 25—The press agency reports that Jerzy Olszewski, Minister of the Chemical Industry from 1971 to 1974 and Minister of Foreign Trade until 1979, committed suicide last night; the agency also reports the suicide of former Minister of Construction Edward Barszcz.

May 28—In Warsaw, the Roman Catholic Primate of Poland, Stefan Cardinal Wyszyński, dies of stomach cancer.

SAUDI ARABIA*(See Intl, Lebanon in Crisis)*

SOUTH AFRICA(See also *Namibia*)

May 21—In Washington, D.C., a study made under the auspices of the Rockefeller Foundation is released; it calls for continued arms and investment embargoes against South Africa until majority rule is achieved.

SPAIN

May 4—In Madrid, General Andrés González de Suso is assassinated by terrorists.

May 7—In Madrid, Lieutenant General Joaquín Valenzuela, a senior military aide to King Juan Carlos, is killed when Basque terrorists bomb his car; a colonel and 2 other soldiers are also killed in the explosion.

May 8—In a nationwide television address, Prime Minister Leopoldo Calvo Sotelo says that terrorism in Spain "must be seen in the field of international action."

May 23—In Barcelona, 20 armed men seize the Banco Central and take 200 hostages; the gunmen demand the release of 4 military officers imprisoned for their involvement in the attempted coup in February.

May 24—Police commandos storm the bank and free the hostages; 1 gunman is killed; Interior Minister Juan José Rosón announces that the gunmen did not belong to the state security forces as had been rumored.

SWEDEN

May 8—Instead of facing a vote of no confidence, Prime Minister Thorbjörn Fälldin, leader of the Center party, submits his government's resignation.

SYRIA(See *Intl, Lebanon in Crisis*)**U.S.S.R.**(See also *Intl, Lebanon in Crisis, Middle East, NATO; U.S., Foreign Policy*)

May 26—The Soyuz-T 4 spacecraft and its 2 astronauts land in Central Asia; this was the final manned mission to the Earth-orbiting Salyut-6 space station.

UNITED KINGDOM**Great Britain**

May 11—West German Chancellor Helmut Schmidt arrives for talks with Prime Minister Margaret Thatcher.

Northern Ireland

May 5—In Belfast, Irish Republican Army (IRA) hunger striker and recently elected member of Parliament Robert Sands dies in Maze Prison.

May 12—Francis Hughes, a member of the IRA imprisoned at Maze Prison, dies as a result of a hunger strike.

May 19—5 British soldiers are killed in an IRA ambush.

May 20—In Maze Prison, Raymond McCreesh dies as a result of a hunger strike.

May 21—In Maze Prison, Patrick O'Hara is the 4th IRA prisoner to die as a result of a hunger strike.

May 28—Prime Minister Margaret Thatcher makes a 9-hour visit to Belfast; she reiterates her opposition to granting IRA members political status in prison.

UNITED STATES**Administration**(See also *Legislation*)

May 4—In a formal review of the Freedom of Information

Act, Attorney General William French Smith says he is rescinding the provision that requires government agencies withholding information from the public to prove that disclosure would be "demonstrably harmful" to the government.

May 7—Urging Congress to alter its priorities, Interior Secretary James G. Watt suggests that money available for acquiring new national park land should be used instead to restore and improve existing park land.

May 12—At a news conference, Secretary of Health and Human Services Richard S. Schweiker outlines the administration's plan to reduce sharply Social Security benefits for workers who retire before age 65, to reduce somewhat the benefits of those who retire at age 65, and to remove the limit on how much a retired worker may earn without losing retirement benefits.

May 15—The Central Intelligence Agency confirms the fact that Max Hugel, a New Hampshire businessman, was appointed on May 11 to serve as its deputy director for operations.

It is reported in Washington, D.C., that Frank Shakespeare Jr. has been named chairman of the Board for International Broadcasting—which supervises the operations of Radio Liberty and Radio Free Europe.

May 17—In his first trip since the assassination attempt, President Ronald Reagan delivers the commencement address at the University of Notre Dame.

May 19—President Reagan names physicist George A. Keyworth as his science adviser.

The President names former Federal Reserve Board chairman Arthur F. Burns as U.S. ambassador to West Germany.

May 21—The President suggests that Republican and Democratic congressional leaders "launch a bipartisan effort to save Social Security."

Interior Secretary Watt reveals a plan to cut down the functions of the U.S. Office of Surface Mining, which oversees federal-state strip mining regulations.

Attorney General Smith suggests that Congress repeal the legislation requiring the appointment of a special prosecutor to investigate charges of wrongdoing against any high-ranking federal officials.

May 30—At a retrial in U.S. district court in Washington, D.C., Cuban exiles Guillermo Novo Sampol and Alvin Ross Díaz are acquitted of the 1976 murder of former Chilean diplomat Orlando Letelier and Ronni Moffitt in Washington, D.C.; Novo is convicted of making false statements to a federal grand jury.

Civil Rights

May 8—Meeting in Washington, D.C., for a 2-day conference, leaders of 150 American Indian nations send a letter to President Ronald Reagan calling for the immediate resignation of Interior Secretary James Watt for his "callous disregard of his lawful function and responsibility as the federal official with . . . authority in Indian matters."

Economy

May 4—The Federal Reserve Board raises its interest rate to banks to 14 percent, a record high; in addition the board increases its surcharge to large banks that borrow frequently from 3 percent to 4 percent.

May 6—The U.S. Treasury sells \$2 billion in 30-year bonds at an interest rate of 13 7/8 percent, the highest rate ever for 30-year bonds.

May 8—The Labor Department reports the nation's unemployment rate at 7.3 percent in April.

The Labor Department reports a 0.8 percent rise in its producer price index in April.

May 19—The Commerce Department reports that its revised estimate of the gross national product for the 1st quarter of 1981 shows that the GNP grew at an 8.4-percent annual rate in that period.

May 22—The Labor Department reports that its consumer price index rose 0.4 percent in April.

Most major banks raise their prime rate to 20.5 percent.

Foreign Policy

(See also *Intl. Asian Development Bank, Lebanon in Crisis, Middle East, NATO, U.N.; Japan; Laos; Namibia; South Africa; Vietnam*).

May 2—Secretary of State Alexander M. Haig Jr. arrives in Rome for a North Atlantic Treaty Organization foreign ministers' meeting.

May 3—The largest post-Vietnam antiwar demonstration rallies in Washington, D.C., to protest U.S. military assistance to El Salvador, increased U.S. military spending, and reduced welfare spending.

May 6—The State Department says that it plans to send an envoy to Guatemala to discuss the resumption of U.S. military aid to Guatemala.

The U.S. orders Libya to close its mission in Washington, D.C., and recall the mission staff because of "a wide range of Libyan . . . misconduct, including support for international terrorism."

May 7—President Reagan and Japanese Prime Minister Zenko Suzuki confer at the White House.

May 9—In a commencement address at Syracuse University, Secretary of State Haig warns that while the Soviet Union shows signs of "spiritual exhaustion" it may become a more dangerous enemy.

May 18—The Central Intelligence Agency discloses that a revised study of Soviet oil production indicates that the Soviet Union will meet all its energy needs without importing petroleum in the 1980's.

May 19—In a speech in Washington, D.C., former U.S. Ambassador to the Soviet Union George Kennan urges "an immediate across-the-board reduction by 50 percent of the superpowers' nuclear arsenals."

May 20—West German Chancellor Helmut Schmidt arrives in Washington, D.C., to confer with President Reagan.

May 27—Philip C. Habib, the President's special envoy, is recalled from the Middle East for consultation.

Addressing the graduating class of the U.S. Military Academy at West Point, N.Y., President Reagan pledges a continuing U.S. military buildup.

Labor and Industry

May 1—Labor Secretary Raymond J. Donovan says his department plans to lift the federal ban on working at home for all 7 industries in which home work has been prohibited for 40 years.

A 3-year agreement limiting Japanese car exports to the U.S. is reached in Tokyo.

May 5—The managers of Conrail and leaders of 14 unions reach an agreement in which the unions agree to forgo some \$229 million a year in wages and benefits to help make the system profitable; the agreement is subject to ratification by union members.

May 8—After a 7-year legal struggle, the International Telephone and Telegraph Company agrees to pay \$17.8 million in tax liabilities rising out of its acquisition of the Hartford Insurance Company in 1970.

May 15—The International Brotherhood of Teamsters executive board names Roy L. Williams interim president, succeeding Frank E. Fitzsimmons, who died May 6.

May 22—Teamsters interim president Williams is indicted by a federal grand jury for allegedly plotting to bribe Senator Howard W. Cannon (D., Nev.).

May 26—The Chrysler Corporation announces an agreement with the French Peugeot firm for the joint manufacture of a compact auto in the U.S.

May 29—United Mine Workers president Sam M. Church Jr. announces that the UMW's council has approved a new contract with the coal mine operators to run to October, 1984; workers must approve the contract.

Legislation

(See also *Administration*)

May 8—In a voice vote, the Senate confirms Lawrence S. Eagleburger as Assistant Secretary of State for Europe.

May 14—House and Senate conferees agree on a \$695.5-billion budget for fiscal 1982, the budget target urged by President Reagan.

May 20—By a 96-0 vote in a "sense of Congress" resolution, the Senate rejects President Reagan's proposal to cut Social Security benefits for early retirees and says that "Congress will not support reductions in benefits which exceed those necessary to achieve a financially sound" Social Security system.

May 21—Approving its 1st budget resolution for fiscal 1982, the Senate approves the revised \$695.5-billion budget target by a 76-20 vote; \$36 billion has been cut from health, social and education programs and \$25 billion in additional military spending has been approved; the military budget totals \$188 billion. The House voted 244 to 155 to approve the \$695.5-billion budget target yesterday.

Military

May 25—In a discussion of 32 nuclear weapons accidents, a Defense Department study reveals 5 hitherto unreported accidents involving nuclear weapons between 1950 and 1968.

May 27—An electronic combat aircraft crashes on the flight deck of the aircraft carrier *Nimitz*, killing 14 men and injuring 45.

May 29—Second Lieutenant Christopher Cooke, assigned to a Titan missile base in Kansas, is arrested by the Air Force for making 3 visits to the Soviet Union's Washington, D.C., embassy and not reporting his "contacts with representatives of a Communist country."

May 31—Lieutenant Cooke is reported to have given Soviet diplomats secret data on the Titan missiles during his 3 unauthorized visits to the Soviet embassy.

Political Scandal

May 1—In U.S. district court in Brooklyn, N.Y., a jury finds Senator Harrison A. Williams Jr. (D., N.J.) and a co-defendant guilty of bribery and conspiracy.

Supreme Court

May 4—In a 5-4 ruling, the Supreme Court declares that a defendant who has been convicted of murder and not given the death penalty cannot be sentenced to death if he is convicted on the murder charge a 2nd time; the ruling is viewed as an extension of the constitutional prohibition on double jeopardy.

May 18—Ruling unanimously in 2 unrelated cases, the

Court holds that a murder defendant must be allowed to remain silent when questioned by psychiatrists and that once a criminal suspect has demanded his right to have an attorney present during questioning he cannot later be regarded as having waived that right.

May 26—The court rules 7 to 1 that Louisiana's "first-use tax" on natural gas processed in Louisiana is unconstitutional.

Terrorism

May 16—The Puerto Rican Armed Resistance claims credit for the explosion of a bomb at J.F. Kennedy International Airport in N.Y.; 1 man is killed.

May 19—Some 170 bomb threats or scares, causing evacuation of many office buildings in Manhattan, are received by the New York City Police Department; yesterday, 2 pipe bombs were found in diplomatic missions.

URUGUAY

May 24—It is reported in *The New York Times* that the senior military officers who resigned in April were involved in corruption and gambling; among those forced to resign were Minister of the Interior General Manuel J. Núñez, and the commander of the Arms and Service School General Alberto Ballestrino.

June, 1981

INTERNATIONAL

Arab League

(See *Intl. Lebanon in Crisis*)

Association of Southeast Asian Nations (ASEAN)

June 18—The 5 non-Communist Southeast Asian nations end a conference in Manila over the continuing warring factions in Cambodia and call for the withdrawal of Vietnamese forces from Cambodia.

European Space Agency

June 19—The European Space Agency launches West Europe's Ariane rocket, which lifts 2 satellites into orbit from a pad at Kourou, French Guiana; this is the agency's 1st successful launching.

Islamic Conference Organization

June 1—Delegates from 38 countries open a 6-day meeting of the Islamic Conference Organization in Baghdad and rebuke Israel for its part in the continuing Lebanon crisis.

June 5—The Islamic Conference Organization calls for an immediate cease-fire in Lebanon.

June 11—Meeting in Baghdad, representatives of 20 Arab countries and the Palestine Liberation Organization (PLO) call on the U.N. to impose sanctions on Israel for its June 7 raid on Iraq's nearly completed nuclear reactor; the strike destroyed the reactor.

June 19—Meeting in Damascus, delegates from 10 Arab countries end a conference on nuclear power, setting up a coordinating committee to aid in the establishment of nuclear power sources in Arab countries.

Lebanon in Crisis

(See also *Intl. Islamic Conference Organization; Egypt*)

June 1—Heavy fighting breaks out in Beirut between Christian and Muslim forces.

VATICAN

May 13—In St. Peter's Square, Pope John Paul II is shot and seriously wounded by a gunman; police arrest Mehmet Ali Agca, an escaped Turkish murderer, for the assassination attempt; 2 bystanders, both American tourists, are wounded.

May 23—Doctors attending the Pope say he is out of danger and should recover fully.

VIETNAM

(See also *Cambodia; China*)

May 29—In Hanoi, government official Vu Hoang reports that the remains of 3 U.S. airmen have been discovered and will be released to U.S. officials.

YUGOSLAVIA

May 5—Following a report accusing Kosovo province's leaders of responsibility for the rioting last month by ethnic Albanians, Communist party leader of Kosovo province Mahmut Bakali resigns.

ZIMBABWE

May 21—Security Minister Emerson Munangagwa reports that the disarming of former guerrillas has been completed; they will be incorporated into the army.

June 2—Israeli jets attack the Palestine Liberation Organization (PLO) headquarters of Al Fatah near Tyre; 6 people are killed and 9 are wounded.

June 3—Israeli jets attack a Palestine guerrilla stronghold near Tripoli.

June 7—A commission appointed by the Arab League conference meeting in Tunis last week arrives to try to end the fighting in Lebanon.

June 9—U.S. special envoy Philip Habib arrives in Beirut to continue his diplomatic efforts.

June 30—Under an agreement reached by the Arab League commission, Lebanese Christian militiamen agree to leave the area near Zahle; they are to be replaced by Lebanese police. Zahle has been under siege for 91 days by Syrian soldiers, who believed the Christian militiamen threatened Syrian control of the Beirut-Damascus highway and gave Lebanese Christian Major Saad Haddad access to the area.

Middle East

(See *Intl. Lebanon in Crisis, U.N.; Egypt; Israel*)

Organization of African Unity (OAU)

June 24—The OAU opens its annual meeting in Nairobi.

June 27—The OAU adopts a resolution, approved by all 50 heads of state, denouncing "the unholy alliance between Washington and Pretoria" and accusing the U.S. of "sinister" moves to circumvent U.N. efforts to achieve a settlement in Namibia.

Organization of Petroleum Exporting Countries (OPEC)

June 23—Meeting in Algiers, the 4 African OPEC members, Libya, Algeria, Nigeria, and Gabon, say that they will not lower their oil prices despite the current oil glut.

Persian Gulf Crisis

June 7—Iraqi forces are reportedly preparing for a final

assault on the Iranian oil refinery center of Abadan.

June 16—The International Committee of the Red Cross reports that Iran and Iraq have exchanged 42 wounded prisoners, the first such exchange since the war erupted in September, 1980.

United Nations

June 10—U.N. Under Secretary General for Public Information Yasushi Akashi says that at least 8 of its agencies have contributed to subsidies for foreign newspapers that have published favorable stories about U.N. economic aid.

June 14—The U.N. Fund for Population Activities issues a report predicting that the world population will stabilize at 10.5 billion by the year 2110.

June 19—The Security Council unanimously approves a resolution that "strongly condemns" Israel for the raid in which Iraq's nuclear reactor was destroyed.

June 21—Israeli Prime Minister Menachem Begin calls the Security Council resolution condemning Israel "unjust" and rejects the action.

AFGHANISTAN

June 11—Afghanistan radio reports that Aki Kistmand has been named Prime Minister in the government of President Babrak Karmal; Karmal has been acting Prime Minister.

ARGENTINA

June 1—Following a \$400-million run on the nation's foreign reserves last week, Economic Minister Lorenzo Sigaut announces a 22.9 percent devaluation of the peso.

June 5—Foreign Minister Oscar Camili6n and El Salvadoran Foreign Minister Fidel Chavez Mena sign an accord in which Argentina agrees to extend \$15-million worth of economic aid credits and technical assistance to El Salvador.

June 19—Austrian Chancellor Bruno Kreisky announces his government's approval of the Steyr-Daimler-Puch Company's proposed sale of 57 tanks worth \$180 million to Argentina.

AUSTRIA

(See *Argentina*)

BANGLADESH

June 1—Major General Mohammed Abdul Manzur, leader of the May 30th abortive coup attempt and responsible for the assassination of President Ziaur Rahman, is arrested; government troops regain control of the port city of Chittagong, where the attempted coup took place.

June 2—A government spokesman announces that 20 army officers involved in the coup attempt have been arrested and that 3 of them, including Major General Manzur, have been killed.

BARBADOS

June 18—Parliamentary elections are held.

June 30—Election returns give incumbent J.M.G. Adams and his Barbados Labour party 52 percent of the vote over the opposition Democratic Labour party led by Errol Walton Barrow.

BOLIVIA

June 20—Army Commander General Humberto Cayoja announces that 20 officers will be expelled from the army for their suspected involvement in illegal drug traffic.

June 27—General Humberto Cayoja and Chief of Staff General Lucio Anez Rivera are arrested when their attempt to overthrow the government fails.

June 28—Four army generals involved in the coup attempt are exiled to Argentina.

BULGARIA

June 16—Communist party Politburo member and Secretary of the party's central committee Grisha Filipov replaces Stanko Todorov as Prime Minister; Todorov is elected chairman of the newly elected Parliament.

CHINA

(See also *India*; *U.S.S.R.*; *U.S.*, *Foreign Policy*)

June 20—Minister of Education Jiang Nanxiang announces that universities will resume granting academic degrees.

June 22—Following the papal appointment of Chinese Roman Catholic Bishop Dominic Tang Yuming as the Vatican's Archbishop of Canton, the Chinese Roman Catholic Church votes to remove him; the Chinese Catholic church does not recognize the authority of the Pope.

June 29—The sixth plenum of the 11th central committee of the Communist party issues a communiqué at the conclusion of its 3-day meeting announcing the replacement of Hua Guofeng as Chairman of the Communist party by Deputy Chairman Hu Yaobang; Deng Xiaoping is appointed to the chairmanship of the party's Military Commission, an office previously held by Hua; Prime Minister Zhao Ziyang is appointed Deputy Chairman of the party and Xi Zhongxun is appointed party secretary.

June 30—The New China News Agency makes public a resolution of the Communist party's central committee on "certain questions in the history of the party"; the resolution praises Chairman Mao Zedong as a revolutionary leader but criticizes Mao's Cultural Revolution as a "grave blunder."

EGYPT

June 4—Egyptian President Anwar Sadat meets with Israeli Prime Minister Menachem Begin in the Sinai and urges him to end Israeli raids on Palestinian guerrilla bases in Lebanon and to continue to seek a diplomatic solution to the presence of Syrian missiles in Lebanon; Begin refuses to halt the raids.

June 25—U.S., Israeli and Egyptian negotiators agree on the composition and duties of a peacekeeping force to patrol the Sinai after the final Israeli withdrawal from Egyptian territory April 25, 1982.

June 29—U.S. Secretary of State Alexander Haig Jr. and Egyptian Minister of Electricity Mohammed Osman Abaza sign an agreement in Washington, D.C., under which Egypt will be able to buy 2 large nuclear electrical power plants and fuel for the plants.

EL SALVADOR

(See also *Argentina*)

June 29—A military spokesman reports that 10 people were killed in La Unión in fighting between leftist guerrillas and government troops in the last several days.

FRANCE

(See also *Israel*)

June 2—Defense Minister Charles Hernu says France will resume nuclear tests in the South Pacific after a period of review.

Foreign Minister Claude Cheysson meets with German Chancellor Helmut Schmidt and German Foreign Minister Hans-Dietrich Genscher; Cheysson calls for a reduction of Soviet middle-range nuclear missiles (SS-20's) aimed at West Europe.

June 3—The Cabinet of recently elected Socialist President François Mitterrand proposes a 10 percent increase in the minimum wage and increases in social security benefits; the Cabinet votes to resume underground nuclear testing in the Pacific.

June 6—Foreign Minister Cheysson completes talks with U.S. Secretary of State Alexander M. Haig Jr. in Washington, D.C.

June 10—The Cabinet votes to impose an additional income tax on high-income recipients and a 10 percent tax on corporate expense-account entertaining; the proposed taxes and spending allocations must be approved by Parliament.

June 14—In the 1st round of elections for the National Assembly, the Socialist party wins a landslide vote.

June 20—In final election rounds, the Socialist party wins 285 seats in the 491-seat Assembly.

June 22—President Mitterrand reappoints Pierre Mauroy as Prime Minister.

June 23—President Mitterrand appoints 4 Communists to his 44-member Cabinet; the 4 posts held by Communists are Health, Professional Training, Administrative Reform, and Transport.

June 30—Reversing his predecessor's policy, President Mitterrand expresses his support for the Camp David agreements that ended the conflict between Israel and Egypt.

GERMANY, WEST

(See also *France; Japan*)

June 5—Parliament approves the 1981 budget of \$95.5 billion, with \$16.2 billion for spending by the Defense Ministry; overall military spending is increased by 1.4 percent over 1980.

GREECE

June 3—In Athens, department stores and office buildings are gutted by firebombs.

June 12—Negotiations between the Greek government of Prime Minister George Rallis and U.S. officials on the future of U.S. military bases in Greece are postponed until after the Greek general elections in November.

GUATEMALA

June 18—In Washington, D.C., the U.S. State Department approves export licenses for jeeps and trucks, valued at \$3.1 million, for the Guatemalan army.

INDIA

June 14—In parliamentary elections, Rajiv Gandhi, Prime Minister Indira Gandhi's son, wins election to the seat held by his late brother, Sanjay Gandhi, who was killed in a plane crash in June, 1980.

June 28—In New Delhi, Prime Minister Gandhi and Chinese Foreign Minister Huang Hua agree to hold talks in September on the disputed border area in the Himalayas.

IRAN

(See also *Intl. Persian Gulf Crisis*)

June 2—16 members of President Abolhassan Bani-Sadr's staff are arrested and charged with "counter-revolutionary activities."

June 7—A prosecutor general, Ali Qoddousi, bans publica-

tion of the *Islamic Revolution*, a newspaper owned by President Bani-Sadr.

June 10—Ayatollah Ruhollah Khomeini dismisses Bani-Sadr as commander in chief of the armed forces.

June 12—President Bani-Sadr issues a statement saying that an attempt is under way to deprive him of office and to murder him; Bani-Sadr's aides say he has gone into hiding.

June 21—Parliament votes 177 to 1, with a formal abstention and 11 legislators not voting, to impeach the President; he is charged with incompetence and with violating the constitution by refusing to sign a bill to empower the clergy-dominated Parliament to fill a Cabinet vacancy. Qoddousi orders Bani-Sadr's arrest.

Pars, the Iranian press agency, reports the death of Deputy Prime Minister and former Defense Minister Mostafa Chamran in fighting in the war zone near Susangird in Khuzistan Province.

June 22—Ayatollah Khomeini officially removes Bani-Sadr from office; Prime Minister Mohammad Ali Rajai, Chief Justice Ayatollah Mohammed Beheshti and Speaker of the Parliament Hashemi Rafsanjani are appointed to act in place of the President until elections are called within 50 days.

June 24—5 more supporters of Bani-Sadr are executed; to date 36 people have been shot by firing squad for opposition to the Islamic clergy.

June 27—Pars reports that Hojatolislam Ali Khameini, a close aide of Ayatollah Khomeini's and the spiritual leader of Teheran, has been seriously injured by a bomb exploding at a mosque.

June 28—A bomb explodes in the headquarters of the Islamic Republican party, killing 18 members of Parliament and 2 Cabinet officials; among the officials killed is Chief Justice and member of the ruling interim council Ayatollah Mohammed Beheshti. 73 people are killed in the explosion.

June 29—Mohammed Kachu, warden of Teheran's Evin prison, is shot to death by a disgruntled revolutionary guard.

Ayatollah Khomeini appoints Prosecutor General Abdolkarim Musavi Ardebili to succeed Ayatollah Beheshti as Chief Justice and member of the interim council.

June 30—Minister of Education Hojatolislam Mohammed Javad Bahonar is named secretary general of the party to succeed Ayatollah Beheshti.

In Teheran, funeral services are held for Ayatollah Beheshti and most of the other political leaders who died in the bomb blast.

IRAQ

(See *Intl. Persian Gulf Crisis, U.N.; Israel; U.S., Foreign Policy*)

IRELAND

June 13—Results from the June 11 parliamentary elections give the Fianna Fail party of Prime Minister Charles J. Haughey 78 seats in Parliament, several seats short of a majority; the Fine Gael party wins 65, the Labor party wins 15 and independents win 8 seats.

June 30—Parliament elects Fine Gael leader Garret FitzGerald as Prime Minister by a vote of 81 to 78; FitzGerald is a former Foreign Minister. His party has formed a coalition with the Labor party.

ISRAEL

(See also *Intl. Lebanon in Crisis, U.N.; Egypt; U.S., Foreign Policy*)

June 8—The government announces that yesterday the

Israeli Air Force attacked and completely destroyed Iraq's Osirak nuclear reactor near Baghdad; American-made F-15's and F-16's were used in the attack.

Prime Minister Menachem Begin says the attack was necessary to prevent the "evil" Iraqi President Saddam Hussein from attacking Israel with atomic bombs.

June 9—In Paris, Foreign Minister Claude Cheysson formally protests the Israeli action against the French-made Iraqi reactor; he says the Israeli action was a breach of international law; a French scientist was the only victim of the raid.

June 11—Prime Minister Begin deplores yesterday's decision by the administration of U.S. President Ronald Reagan to delay shipment of F-16 planes to Israel, scheduled for tomorrow, because of the Israeli raid.

June 17—A French government spokesman makes public a previously unpublished agreement with Iraq for the presence of French scientists at the reactor site until 1989 as a guarantee that the facility would not produce nuclear weapons.

June 22—In a statement before the Defense and Foreign Affairs Committee of Parliament, Prime Minister Begin claims U.S. officials expressed their concern over the Iraqi nuclear plant's potential for nuclear weapons production in January, 1981; the U.S. embassy in Jerusalem declines comment.

June 23—In Iraqi President Hussein's first public remarks since the June 7 Israeli raid, he says that the Arab nations must acquire nuclear weapons to balance Israel's nuclear capability.

June 30—In nationwide parliamentary elections, early returns show that the 2 major candidates for Prime Minister, Labor party leader Simon Peres and Prime Minister Begin, have each won 47 of the 120 seats in Parliament; the religious and right-wing parties win some 15 seats.

ITALY

June 8—The Defense Ministry calls for the voluntary suspension of all admirals and generals on active duty who were listed as members of an illegal Masonic Lodge called Propaganda-2.

June 10—Prime Minister-designate Arnaldo Forlani is unable to form a new government because Socialists and Republicans refuse to enter into a coalition with Forlani's Christian Democrats.

President Sandro Pertini asks Republican party leader Senator Giovanni Spadolini to try to form a Cabinet.

June 28—Republican party leader Spadolini forms a coalition government and takes the oath of office; this is the first non-Christian Democratic government in 36 years.

JAPAN

June 6—Thousands of demonstrators continue to protest the arrival of the U.S. nuclear-powered aircraft carrier *Midway* at its home port of Yokosuka on Tokyo Bay.

June 10—In Bonn, Japanese Prime Minister Zenko Suzuki and West German Chancellor Helmut Schmidt agree to limit the growth of Japanese automobile exports to West Germany to 10 percent annually.

June 23—In Washington, D.C., Minister of Defense Joji Omura meets with U.S. Secretary of Defense Caspar W. Weinberger to discuss Japan's possible increases in defense spending; a proposal Japanese officials are resisting.

June 24—As part of an agreement reached with U.S. officials last month, the Ministry of International Trade and Industry sets quotas for Japan's largest automobile manufacturers on their shipments to the U.S.

LEBANON

(See *Intl. Lebanon in Crisis*)

LIBERIA

June 19—Assistant Minister of Foreign Affairs J. Kringa Kahnchea-Harris reports that 13 men have been arrested for plotting to overthrow the government of Master Sergeant Samuel K. Doe.

MAURITANIA

(See *Morocco*)

MEXICO

June 3—It is reported that Mexico has dropped its price of premier crude oil by \$4 a barrel.

June 7—President José López Portillo arrives in Washington, D.C., for talks with U.S. President Ronald Reagan.

Díaz Serrano, director-general of Pemex, the nation's oil monopoly, is replaced by Julio Rodolfo Moctezuma Cid.

June 16—Minister of Industrial Development and chairman of Pemex José Andrés de Oteyza announces that Mexico will increase its price of crude oil on July 2.

MOROCCO

June 26—In Nairobi, Kenya, King Hassan II agrees to a cease-fire proposal for the guerrilla war in the Western Sahara and to an internationally supervised referendum on continued Moroccan rule there.

June 28—In Jiddah, Saudi Arabia, King Hassan and Mauritanian leader President Mohammed Khouna Ould Haidala agree to restore diplomatic relations, which were broken in April, 1981.

NAMIBIA (South-West Africa)

June 5—The administrative secretary of the South-West Africa People's Organization (SWAPO) rejects the recent U.S. call for the withdrawal of Cuban troops from Namibia as a condition for a final settlement.

June 11—A U.S. delegation led by Deputy Secretary of State William P. Clark meets with South African Prime Minister P.W. Botha in Cape Town for talks on Namibian independence.

June 22—In Nairobi, SWAPO leader Sam Nujoma accuses the U.S. of undermining U.N. efforts to bring about a negotiated settlement in Namibia.

NICARAGUA

June 2—In Washington, D.C., U.S. Secretary of State Alexander M. Haig Jr. says there is "increasing concern" about possible Soviet shipments of tanks and military equipment to Nicaragua.

PAKISTAN

June 15—In Washington, D.C., State Department spokesman David Passage announces that the U.S. and Pakistan have agreed on a \$3-billion, 5-year military and economic aid plan; Pakistan will purchase more than 15 F-16 airplanes from the U.S.

PHILIPPINES

(See also *U.S., Foreign Policy*)

June 16—Nationwide presidential elections give President Ferdinand E. Marcos about 88 percent of the vote; although Marcos was opposed in the election, his control over media resources eliminated effective opposition.

POLAND(See also *U.S.S.R.; U.S., Foreign Policy*)

- June 5—In a letter to the Polish leadership, the Soviet Communist party criticizes First Secretary Stanislaw Kania and Prime Minister Wojciech Jaruzelski for their inability to control the situation in Poland.
- June 9—In an address to the central committee of the Communist party, First Secretary Kania says that the government must strengthen its control over the press and the society at large.
- June 11—Communist party leader Kania withstands an attempt by party hard-liners to purge moderates from the central committee.
- June 12—Prime Minister Wojciech Jaruzelski shuffles his Cabinet, replacing 5 Cabinet members in order to deal more effectively with economic problems.

SOUTH AFRICA(See also *Namibia*)

- June 3—Striking members of the black Motor Assemblies and Components Workers Union end their 2-week strike against Ford and General Motors auto assembly plants.
- June 22—In a continuing crack-down on political activists, in the last 3 weeks more than 30 black trade-union leaders, student dissidents and black journalists are reported arrested and held without charge.

SPAIN

- June 22—Parliament approves a bill permitting civil divorce by mutual consent.
- June 23—Police arrest 3 military officers, Major Ricardo Sáenz de Ynestrillas, Colonel Antonio Sicre Canut and Colonel Ricardo Garcitorea Salta, and 5 civilians on charges of attempting to overthrow the government.

SUDAN

- June 25—Following an explosion in the Chad embassy building in Khartoum in which 2 people were killed, the Sudan government orders all Libyan diplomats to leave the country. Libya is accused of the bombing.

SWITZERLAND

- June 14—In a nationwide referendum on amending the constitution, Swiss voters approve a provision guaranteeing equality between the sexes in "family, education and work domains."

UGANDA

- June 30—At the expiration of the Tanzanian-Ugandan defense agreement, Tanzania completes the withdrawal of its troops from Uganda.

U.S.S.R.(See also *Poland; U.S., Foreign Policy*)

- June 15—Foreign Minister Andrei A. Gromyko tells visiting Belgian Foreign Minister Charles-Ferdinand Nothom that the U.S. must take positive action toward negotiations on arms control because it is "necessary and possible" to contain the arms race.
- June 17—Tass, the official press agency, accuses the U.S. of making a "provocative decision" when it offered to sell weapons to China.
- June 18—A commentary in Tass accuses the Chinese of becoming "voluntary agents of the imperialist intelligence services," following reports that the U.S. has an electronic intelligence station in China to monitor Soviet missile tests.

June 23—In an article in *Pravda*, the Communist party newspaper, party commentator Vitaly G. Korionov says that events in Poland are undermining the balance of power in Europe and Soviet security interests.

June 27—An article in *Pravda* notes that the recent U.S. decision to sell China military equipment and technology is "an escalation of reckless policy" that is "highly dangerous for the cause of peace."

UNITED KINGDOM**Great Britain**

- June 13—In London, Marcus Simon Sarjeant, an unemployed teenager, fires several pistol blanks at Queen Elizabeth II while she is riding horseback; the Queen is unharmed; Sarjeant is arrested.
- June 15—The British National Oil Company reduces the price of North Sea oil by \$4.25 a barrel, instead of its proposed reduction of \$2 a barrel.
- June 23—Employment Secretary James Prior announces that the unemployment rate in Britain has reached a 5-year high of 11.1 percent of the work force.
- June 25—Secretary of Defense John Nott reveals the government's defense restructuring plan, reducing conventional naval forces and developing its Trident missile system to replace the Polaris system.

Overseas Territories**ANGUILLA**

- June 23—Following the victory of the Anguilla People's party in yesterday's parliamentary elections, Ronald Webster is sworn in as Chief Minister.

UNITED STATES**Administration**

- June 5—The Senate Foreign Relations Committee votes 13 to 4 against the nomination of Ernest W. Lefever as Assistant Secretary of State for Human Rights; Lefever withdraws his name from consideration for the post.
- Immigration and Naturalization Service officials begin deportation hearings in Miami against some 6,000 Haitians who arrived in this country illegally after October 10, 1980.
- June 9—The Federal Reserve Board authorizes the establishment of free banking zones in the U.S. to permit banks to conduct international banking activities without conforming to federally imposed requirements and interest ceilings.
- June 10—The governors of Hawaii, Guam, American Samoa and the Commonwealth of the Northern Mariana Islands protest to Interior Secretary James Watt with regard to his selection of Caribbean specialist Pedro San Juan as Assistant Secretary of the Interior for territorial and international affairs, a post that puts him in charge of the Pacific area.
- June 12—Environmental Protection Agency administrator Anne M. Gorsuch announces an agency reorganization, eliminating the Office of Enforcement; enforcement will be administered by the division responsible for each program.
- June 13—Director of the White House military office Edward V. Hickey confirms the existence of a secret multimillion dollar military fund, established in 1957, that has been used to pay for presidential perquisites although it was established to build and maintain secret presidential hideouts in the event of nuclear attack.
- President Ronald Reagan nominates career diplomat Arthur W. Hummel Jr. to succeed Leonard Woodcock as Ambassador to China.

June 15—In a 2-1 decision, the U.S. Court of Appeals for the Sixth Circuit reverses a lower court ruling that ordered the Census Bureau to add some 5 million people to its 1980 census count; the case was instituted by the city of Detroit.

June 18—The Air Force charges Lieutenant Christopher Cooke with passing secret information on 5 occasions to unauthorized persons and making 13 unauthorized visits to the Soviet embassy.

June 22—The Federal Aviation Administration and the air traffic controllers' union agree on a new contract 3 hours before the controllers are scheduled to go on strike; union members must ratify the contract.

June 30—President Reagan refuses to renew quotas on shoes imported from Taiwan and South Korea.

Civil Rights

June 4—The Equal Employment Opportunity Commission and Sears, Roebuck & Company reach agreement to settle 4 lawsuits; Sears will modify its personnel practices and monitor the hiring of blacks and Hispanics.

June 8—The U.S. Department of Education and the state of South Carolina reach an agreement on the state's \$19.5-million desegregation plan for its colleges and universities.

June 29—In Denver, President Reagan addresses the 72nd annual convention of the National Association for the Advancement of Colored People.

Economy

June 2—The Commerce Department reports that the sale of new single-family homes fell 13.5 percent in April.

June 5—The Labor Department reports that the nation's unemployment rate rose to 7.6 percent in May.

The Labor Department reports that its producer price index rose 0.4 percent in May.

June 15—New York's Chemical Bank lowers its prime lending rate to 19 percent.

June 18—In revised figures, the Commerce Department reports that the gross national product (GNP) rose 8.6 percent for the 1st quarter of 1981.

The Commerce Department reports a \$3.1-billion foreign trade surplus for the 1st quarter of 1981.

June 19—Bankers Trust and Marine Midland Bank raise their prime rates to 20 percent.

June 23—The Labor Department reports that its consumer price index rose 0.7 percent in May.

June 30—The Commerce Department reports that its index of leading economic indicators fell 1.8 percent in May.

Foreign Policy

(See also *Intl, Lebanon in Crisis; Egypt; France; Greece; Guatemala; Israel; Japan; Mexico; Namibia; Nicaragua; Pakistan; U.S.S.R.; Zambia*)

June 2—Assistant Secretary of State-designate for African Affairs Chester A. Crocker says that the administration is "determined to be supportive of those states [African] that wish to resist what Libya has done in Chad. . . ."

June 5—The State Department discloses that U.S.-Soviet talks on limiting medium-range nuclear missiles in Europe will begin in the next few weeks.

State Department officials disclose that trade restrictions against China will be removed.

June 9—After 2 days of talks in London, Under Secretary of Agriculture Seeley G. Lodwick says that the Soviet Union will be allowed to purchase up to 6 million metric tons of corn and wheat by September 30.

June 10—In a letter to the U.S. Congress, U.S. Secretary of

State Alexander Haig Jr. says that Israel may have committed a "substantial violation" of the 1962 U.S.-Israeli military assistance agreement by using U.S.-built planes in the raid on the Iraqi reactor; he says that President Reagan "has directed the suspension for the time being of the immediate shipment of four F-16 aircraft" scheduled for shipment to Israel this week.

Under Secretary of State for Management Richard T. Kennedy tells the Senate Foreign Relations Committee that, in most cases, the U.S. would be able to determine whether a nuclear threat was genuine or fake.

June 11—State Department spokesman David Passage says recent letters from the Soviet Union to Poland constitute "interference in the internal affairs of Poland."

June 14—Secretary Haig begins 3 days of talks with Chinese officials in Beijing; both parties call for closer cooperation to counter "Soviet hegemonism."

June 16—Concluding his 3-day visit to China, Secretary of State Haig says that the U.S. will lift restrictions on the sale of military hardware to China; he calls his talks with Chinese leaders "unusually significant and successful."

June 17—Senior American officials announce that the U.S. and China are jointly operating an electronic intelligence-gathering station near the Chinese-Soviet border to monitor Soviet missile tests.

June 19—Addressing West European security personnel in Bonn, Lawrence S. Eagleburger, Assistant Secretary of State for European Affairs, says that the U.S. wants to talk with Soviet leaders about armament reductions.

June 20—In Manila on the concluding day of a conference of the foreign ministers of the Philippines, Thailand, Indonesia, Malaysia and Singapore, Secretary of State Haig says that the U.S. "will not normalize relations with a Vietnam that occupies Kampuchea and remains a source of trouble to the entire region."

June 21—Speaking in Wellington, New Zealand, Secretary Haig says that he "sees no urgency" on the sale of advanced U.S. fighter planes to Taiwan.

June 22—Eugene Rostow, named to head the Arms Control and Disarmament Agency, says that formal negotiations with the Soviets over arms control and strategic weapons will probably not begin before March, 1982.

June 24—A majority of House and Senate members tell President Reagan that they "object to the proposed sale" of AWAC surveillance planes to Saudi Arabia.

Under Secretary of State James Buckley tells a Senate subcommittee that he has "absolute assurances" that Pakistan is not developing a nuclear bomb and does not intend to do so.

June 28—Secretary Haig says that there is "no basis" for the Soviet Union's view of the proposed U.S. sale of military hardware to China as provocative.

Labor and Industry

(See also *Administration*)

June 5—The 22nd convention of the International Brotherhood of Teamsters concludes its convention in Las Vegas, Nevada, after an address by newly elected president Roy L. Williams.

June 8—Most of the 100,000 striking coal miners return to work, voting 69 percent in favor of their new contract; they have been on strike for 72 days.

June 17—The United Mine Workers bargaining council approves a 40-month contract that covers mine construction workers; the 11,500 members vote on the contract.

Legislation

June 2—In a unanimous vote, the House directs the

Veterans Administration to give medical attention and hospital care to Vietnam War veterans whose medical problems may be due to exposure to Agent Orange, a herbicide widely used by the military in Vietnam. This is the first time that either house of Congress has indicated that contact with Agent Orange may have impaired a veteran's health.

June 4—President Reagan announces revisions in his tax-reduction package; the revisions would reduce the tax savings the President promised business by some \$50 billion over 6 years.

June 9—Voting 84 to 7, the Senate confirms Chester A. Crocker as Assistant Secretary of State for African Affairs.

June 11—In a meeting at the White House, the President asks 350 supporters to help him rally public support for his tax bill.

June 16—In a nationally televised news conference, the President accuses House Speaker Thomas P. O'Neill Jr. (D., Mass.) of "sheer demagoguery" and says House Democrats have made "unconscionable" efforts to defeat his budget.

Richard Bolling (D., Mo.), chairman of the House Rules Committee, says that the President is trying to impose "totalitarian" rule over Congress.

The House votes 301 to 100 to "express its dismay" at the May 21 action of the U.S. opposing an international code for marketing infant formula.

Voting 98 to 0, the Senate approves federally financed medical treatment for Vietnam War veterans whose medical problems may be due to exposure to Agent Orange, as part of a program to provide health programs for Vietnam War veterans.

June 24—President Reagan reveals that he has telegraphed all 190 Republicans in the House and the 63 House Democrats who supported his budget target in May "urgently" asking them to vote on his budget cuts as a single package.

June 25—In a procedural vote, the House votes 217 to 210 to vote on the President's proposed budget cuts as a single package.

Senators Paul Laxalt (R., Nev.) and Jake Garn (R., Utah) announce their opposition to the proposed deployment of MX missiles in their states.

June 26—In a 217-211 vote on a single budget-cut package, the House approves the President's plans for \$38.2 billion in budget cuts; 29 conservative Democrats vote with the Republican minority to assure the President's victory. The bill, which goes to conference, is a complicated melange of amendments, some handwritten.

It is reported from Washington, D.C., that the President promised that he would withdraw administration opposition to sugar price supports in return for support on his budget from Representatives from Florida and Louisiana.

Supreme Court

June 1—The Supreme Court rules 7 to 2 that if communities allow commercial activities they may not utilize their zoning powers to exclude live entertainment.

The Court rules that indigent parents have no automatic right to free counsel in a court procedure dealing with the possibility that they will lose legal custody of a child.

June 8—The Court rules 5 to 4 that the Civil Rights Act of 1964 is not limited to claims of "equal pay for equal work"; the act prohibits discrimination in employment on the basis of sex as well as race. The ruling allows

matrons at an Oregon county jail the right to sue the county for violating the Civil Rights Act.

June 15—The Court rules unanimously to uphold the constitutionality of the federal strip mining law.

The Court rules 8 to 1 that 2 prisoners can be confined to a cell designed for 1 as long as overall prison standards do not violate "a contemporary standard of decency."

June 17—The Court rules 5 to 3 that the Occupational Safety and Health Administration (OSHA) must protect workers from exposure to toxic substances to the greatest extent feasible, without balancing costs and benefits.

In a 8-1 ruling, the Court says that the law permitting federal inspectors to make surprise warrantless inspections of mines and quarries is constitutional.

The Court rules 8 to 1 that the Justice Department may interpret broadly the Racketeer Influences and Corrupt Organizations Act, RICO.

June 18—Associate Justice Potter Stewart announces that he will retire July 3.

June 22—In an unsigned opinion, the Court rules that according to the 21st Amendment a state can ban topless entertainment in bars licensed by the state. The case involves New York state.

Without a formal ruling, the Court votes 4 to 4 to affirm a 1979 Washington, D.C., Court of Appeals ruling that former President Richard Nixon and 3 of his aides may be required to pay monetary damages for the unconstitutional wiretapping of the home telephone of former national security aide Morton Halperin; the Court rejects Nixon's claim to absolute immunity.

The Court rules 6 to 3 that a warrant to search a home for contraband confers an automatic right to detain temporarily anyone found on the premises.

June 25—Ruling 6 to 3, the Court declares that Congress may limit military draft legislation to men.

June 26—In a 6-3 ruling, the Court says that the current law that says military pension benefits may not be used as part of a divorce property settlement is constitutional; Congress has the right to decide that it is in the interest of the nation to establish military pensions as "personal entitlements."

June 29—Voting 7 to 2, the Court rules that the executive branch of the federal government may revoke a citizen's passport on national security grounds; the case involves Philip Agee, a former officer of the Central Intelligence Agency.

VATICAN

(See also *China*)

June 20—Pope John Paul II is rehospitalized because of a virus infection of the respiratory system.

VIETNAM

June 25—The United Nations High Commission for Refugees reports that the number of refugees leaving Vietnam on small boats has reached its highest level in 2 years.

ZAMBIA

June 22—2 U.S. embassy employees, John David Finney and Michael Francis O'Brien, are expelled because they are suspected of working for the U.S. Central Intelligence Agency; 3 other U.S. diplomats are prohibited from returning to the country.

ZIMBABWE

June 10—The Central Statistical Office publishes figures that show the exodus of white settlers at 1,441 for the month of April; this was the largest monthly exodus since April, 1979.

INTERNATIONAL

International Monetary Fund (World Bank)

July 1—Alden W. Clausen succeeds Robert McNamara as president of the World Bank.

International Whaling Commission

July 25—Concluding a 2-week conference in Brighton, England, the International Whaling Commission agrees to ban the hunting of sperm whales in all oceans except the Pacific near Japan; Canada has withdrawn from the conference in protest.

Lebanon in Crisis

July 9—U.S. special envoy Philip Habib returns to Beirut.

July 10—For the first time in 5 weeks, Israeli jets attack Palestinian areas in Sidon and Nabatiye in southern Lebanon.

July 14—In southern Lebanon, Israeli planes shoot down a Syrian MiG; Israeli planes also bomb a Palestinian area 12 miles south of Beirut.

July 15—In retaliation for the Israeli attacks, Palestinian guerrillas stage a rocket attack on northern Israel, near Nahariya; 3 Israelis are killed and 25 are wounded.

July 16—Israeli planes attack and destroy the Qasmiya Bridge over the Litani River; Israeli Chief of Staff Lieutenant General Rafael Eytan says the attack cut Libyan and Soviet bloc supply routes to the Palestinian guerrillas. Eytan reports that 5 bridges were destroyed.

July 17—For the 2nd day, Israeli planes attack and destroy bridges in southern Lebanon; Israeli jets bomb a densely populated area of Beirut in an attempt to hit Palestinian guerrilla headquarters; more than 300 people are killed and more than 800 are wounded.

An emergency session of the U.N. Security Council is held at Lebanon's request.

Palestinian guerrillas continue shelling Israeli towns along the southern Lebanese border.

July 20—In Washington, D.C., U.S. Secretary of State Alexander M. Haig Jr. announces the administration's decision to delay indefinitely the delivery of 10 F-16 fighter bombers to Israel.

For the 11th consecutive day, Israeli planes bomb Palestinian positions in southern Lebanon.

July 21—The Israeli Cabinet rejects a U.S. proposal for a cease-fire and continues to refuse to negotiate with the PLO.

In the U.N., the Security Council unanimously calls for a cease-fire in Lebanon.

July 22—In Washington, D.C., U.S. Secretary of Defense Caspar Weinberger says Israeli Prime Minister Menachem Begin's actions have impeded U.S. negotiations for a peaceful settlement.

July 24—In Jerusalem, Habib announces that the Israeli Cabinet has agreed to stop attacks on Palestinian strongholds in Lebanon in exchange for a Palestinian promise to discontinue its military buildup in southern Lebanon.

Several hours after the Israeli decision, the PLO agrees to a cease-fire. Habib reportedly negotiated with Israeli officials, while U.S. negotiators dealt with Lebanese officials who communicated with PLO leaders through U.N. officials.

July 25—In Washington, D.C., Secretary of State Haig sends congratulatory cables to Saudi Crown Prince Fahd, Lebanese President Elias Sarkis and Israeli Prime Minister Begin for their cease-fire negotiations.

A militant Palestinian group, the Popular Front for the Liberation of Palestine—General Command, refuses to honor the cease-fire and continues to fire rockets into the area held by Major Saad Haddad and his Israeli-supported forces in southern Lebanon.

July 26—The Voice of Palestine radio calls the General Command's decision to violate the cease-fire "irresponsible" and "heedless of Lebanese and Palestinian blood."

July 28—The Israeli military command reports that Palestinian guerrillas violated the cease-fire when they shelled a Lebanese Christian area in southern Lebanon.

July 29—Israeli jets accompanying a reconnaissance plane down a Syrian MiG-25 in an air battle over Lebanon. Israel insists that the cease-fire agreement does not preclude its right to make reconnaissance flights over Lebanon.

Madrid Conference on European Security

July 28—The European Security Conference meeting in Madrid adjourns until October 27; no agreement is reached on any major issues.

Middle East

(See *Intl, Lebanon in Crisis*)

Ottawa Economic Conference

July 21—U.S. President Ronald Reagan, Canadian Prime Minister Pierre Elliott Trudeau, British Prime Minister Margaret Thatcher, Japanese Prime Minister Zenko Suzuki, West German Chancellor Helmut Schmidt, French President François Mitterrand, Italian Prime Minister Giovanni Spadolini and president of the Commission of the European Communities Gaston Thorn conclude a 2-day economic and political meeting in Ottawa. They agree that their goal is revitalization of their economies; they cannot agree on how to accomplish this but they pledge continued cooperation.

United Nations

(See also *Intl, Lebanon in Crisis*)

July 13—The U.S. and China and 73 other nations meet at a U.N. parley in New York to try to negotiate the removal of Vietnam forces from Cambodia; neither Vietnam nor the Soviet Union are attending the conference.

July 17—The U.N. conference on Cambodia ends without significant agreement.

AFGHANISTAN

(See also *U.S.S.R.*)

July 14—Fierce fighting is reported between Afghani resistance fighters and Soviet and Afghani army troops in Paghman, 16 miles northwest of Kabul.

July 16—It is reported that in the last month 27 senior members of the National Fatherland Front, a recently formed national council, have been killed by anti-Marxist guerrillas.

ARGENTINA

July 6—In Buenos Aires, former President Isabel Martinez de Perón is released after 5 years under house arrest and placed on parole.

July 10—Peron leaves Argentina and flies to Spain.

July 14—Admiral Emilio Massera, a former member of the ruling military junta, is placed under house arrest.

CANADA

(See *Intl. Ottawa Economic Conference; U.S., Foreign Policy*)

CHINA

July 1—Recently elected party chairman Hu Yaoban outlines the party's goals: economic development; a legal system to guarantee individual rights; a mixed economy; greater autonomy for ethnic minorities; and further modernization of the armed forces.

July 25—The New China News Agency reports that 753 people have been killed and 558 are missing in the Yangtze River flooding in Sichuan province this month; more than 1.5 million people are left homeless and flood damage is estimated at \$1.14 billion.

EL SALVADOR

July 1—In San Salvador, President José Napoleón Duarte accuses conservative businessmen, the so-called "economic right," of attempting to overthrow the government. Yesterday, the government made concessions to the business community when it extended a freeze on wages for 6 months.

July 12—Roman Catholic Msgr. Arturo Rivera Damas accuses the Salvadoran army of murdering at least 27 civilians last week; he also deplores the July 7 deaths of 28 peasants, believed to have been killed by Salvadoran security forces.

July 16—In San Salvador, U.S. Assistant Secretary of State for Inter-American Affairs Thomas O. Enders says the U.S. favors a "political solution" through the electoral process in El Salvador.

FRANCE

(See also *Intl. Ottawa Economic Conference*)

July 8—Prime Minister Pierre Mauroy outlines his government's economic program which includes nationalizing several major corporations (including Dassault's military aircraft division and the arms manufacturing division of Matra); completing the takeover of Sacilor and Usinor (the country's 2 major steel producers); reducing the workweek; and creating more than 200,000 new civil service jobs.

July 12—In Bonn, President François Mitterand meets with West German Chancellor Helmut Schmidt for a discussion of West European security issues.

July 16—Prime Minister Pierre Mauroy outlines his government's proposal to take power from the departmental prefects and give it to regional and departmental councils to assure local control.

GAMBIA

July 30—While he is in London for the royal wedding, President Dawda Kairaba Jawara is ousted in a coup d'état led by Socialist Revolutionary party leader Kukli Samba Sanyang.

July 31—In Dakar, Sir Dawda tells a news conference he has asked for Senegal's help in putting down the rebellion, under terms of a mutual defense pact.

Senegalese troops encircle leftist rebels in Gambia's capital.

GERMANY, WEST

(See also *Intl. Ottawa Conference; France*)

July 30—Chancellor Helmut Schmidt announces that his Cabinet has approved a 1982 budget that will probably mean a reduction in real military spending in 1982.

INDIA

July 10—In a news conference, Prime Minister Indira Gandhi deplores the recent U.S. decision to sell Pakistan F-16 fighter bombers; Gandhi confirms reports that India is negotiating with France for the purchase of French-made Mirage jet fighter planes.

July 16—Indian scientists successfully place a communications satellite in a geosynchronous orbit; the only other countries to achieve this orbit are the U.S., the Soviet Union, France and Canada.

July 27—President Sanjiva Reddy issues an order prohibiting workers employed in "essential services" from striking.

IRAN

July 1—Newly appointed Islamic Republican party leader Hojatolislam Mohammed Javad Bahonar reports that 50 leftist guerrillas who were planning to blow up the Parliament building were arrested last night.

July 2—Teheran radio reports the execution of 17 more accused leftists.

July 5—Parliament confirms the appointment of Hossein Mousavi as Foreign Minister.

In Teheran, 3 members of the Mujahedeen-i-Khalq, a Marxist guerrilla group accused of bombing the Islamic Republican party headquarters last month, are killed in a gunfight by Islamic guards.

July 7—The government orders Reuters, the British news agency, to leave the country; Agence France Presse and the Italian news agency ANSA are the only Western news organizations remaining in Iran.

July 16—The government arrests 200 leftists; so far more than 200 people have been executed as enemies of the state.

July 23—Hojatolislam Seyyed Hasan Beheshti, the nephew of Ayatollah Mohammed Hussein Beheshti, the late Islamic Republican party founder, is assassinated.

July 27—Interior Minister Ayatollah Mohammed Riza Mahdavi-Kani announces the official results of the July 24 presidential election. Prime Minister Mohammed Ali Rajai won about 88 percent of the 14 million votes cast.

July 29—Deposed President Bani-Sadr arrives in Paris; he is granted political asylum.

July 30—The U.N. Disaster Relief Agency reports that the July 28 earthquake in the southeast killed at least 8,000 people.

ISRAEL

(See also *Intl. Lebanon in Crisis; U.S. Foreign Policy*)

July 9—Official election returns give Prime Minister Menachem Begin's Likud coalition 48 seats in Parliament; the Labor party wins 47 and the religious and right-wing parties supporting Begin win 16.

Prime Minister Begin closes Israel's border with Jordan to 2-way tourist traffic.

July 13—In Jerusalem, U.S. State Department counselor Robert C. McFarlane meets with Prime Minister Begin; they announce that "misunderstandings" about the Israeli raid on Iraq's nuclear reactor on June 7 have been clarified.

July 15—President Yitzhak Navon asks Prime Minister Begin to form a new government.

ITALY

(See also *Intl. Ottawa Economic Conference*)

July 11—The Chamber of Deputies gives the recently formed government of Prime Minister Giovanni Spadolini a vote of confidence; on July 9, the Senate

affirmed its support of the new coalition government.

July 18—The commander of the North Atlantic Treaty Organization (NATO) ground forces in southern Europe, General Vittorio Santini, is named chief of the defense staff; he replaces Admiral Giovanni Torrasi, who resigned following his implication in the Masonic Lodge scandal.

JAPAN

(See *Intl, Ottawa Economic Conference*)

LEBANON

(See *Intl, Lebanon in Crisis*)

NAMIBIA

July 12—South African military commander Major General Charles Lloyd reports that his forces killed 114 black nationalist guerrillas (members of the South-West African Peoples' Organization, SWAPO) along the Angolan border this week.

NIGERIA

July 10—In Kano, hundreds of people protest the federal government's attempt to remove the Emir of Kano from office; 2 people are killed in the melee, which caused more than \$300-million worth of damage.

PAKISTAN

July 22—Nusrat Bhutto, the widow of former Prime Minister Zulfikar Ali Bhutto, is released after 5 months in detention.

PHILIPPINES

July 28—Parliament approves Finance Minister Cesar Virata as Prime Minister.

POLAND

(See also *U.S., Foreign Policy*)

July 2—In a letter to members of the central committee of the Communist party, the Czechoslovak party's central committee warns that counterrevolutionary forces are taking over the Polish party and suggests that the Poles postpone their July 14 party congress.

July 3—Prime Minister Wojciech Jaruzelski dismisses 7 of the 8 Cabinet ministers concerned with economic affairs. Soviet Foreign Minister Andrei A. Gromyko arrives in Warsaw for a 3-day "friendly visit."

July 7—Pope John Paul II names Bishop Jozef Glemp of Warmia to succeed Stefan Cardinal Wyszynski as Primate of Poland.

July 14—In Warsaw, an extraordinary session of the Polish Communist party congress convenes.

July 15—The congress expels former party leader Edward Gierek and 6 of his associates from the party.

July 17—In a secret ballot, members of the congress elect a new central committee; 90 percent of the members of the committee are newly elected and most are workers, not party bureaucrats.

July 18—By secret ballot, party leader Stanislaw Kania is overwhelmingly reelected to his post, defeating moderate Politburo member Kazimierz Barcikowski; Kania is the 1st European Communist party leader ever elected by secret ballot.

July 19—Prime Minister Jaruzelski tells the party congress that no further wage increases will be allowed and that price increases of up to 110 percent will be imposed on food, coal, natural gas and housing.

July 20—The party congress ends; it is reported that the

central committee has adopted a 2-term limitation for party leaders.

July 22—Negotiators for the government and Solidarity avert a strike by 40,000 dock workers and airline employees.

July 24—The government reduces the monthly meat ration by 20 percent to 7.7 pounds per person.

July 31—Prime Minister Jaruzelski names 2 more generals to his Cabinet and drops Deputy Prime Minister Mieczyslaw, who has been in charge of economic affairs.

Parliament votes almost unanimously to approve legislation to preserve press and cultural freedom.

PORTUGAL

July 18—The military council of the revolution vetoes a parliamentary bill to denationalize banks and insurance companies and return them to the private sector.

July 27—Social Affairs Minister Carlos Macedo resigns to protest Prime Minister Francisco Pinto Balsemão's policies.

SAUDI ARABIA

(See also *U.S., Foreign Policy*)

July 16—Information Minister Mohammed Abdo Yamani says that Saudi Arabia will pay the full cost of rebuilding the Iraqi reactor destroyed by Israeli jets.

SOUTH AFRICA

(See *Namibia*)

SPAIN

July 21—King Juan Carlos II and Queen Sofia decline an invitation to the wedding of British Prince Charles and Lady Diana Spencer because the wedding couple plans to stop at Gibraltar, a 2-square-mile enclave that Spain claims as its territory.

SYRIA

(See *Intl, Lebanon in Crisis*)

UGANDA

July 1—In Stockholm, Red Cross worker Lars Astrom reports that on June 24, 60 civilians in a Roman Catholic mission were killed by "uncontrolled" Ugandan soldiers who stormed the mission.

U.S.S.R.

(See also *Poland; U.S., Foreign Policy*)

July 18—In Moscow, the Soviet press agency Tass rejects a recent plan submitted by the members of the European Economic Community for Soviet withdrawal from Afghanistan.

July 23—In response to a proposal made by West German Socialist leader Willy Brandt, Novosti, the Soviet press service, says that the Soviet Union will not remove nuclear weapons from the Kola Peninsula, an area that borders Finland and Norway, in order to achieve a nuclear-free zone for northern Europe; nor will it remove submarines carrying nuclear warheads from the Baltic Sea.

July 25—Defense Minister Marshal Dmitry F. Ustinov reiterates President Leonid I. Brezhnev's 1979 proposal to reduce the number of Soviet missiles aimed at West Europe if the West decides against deploying its missiles in West Europe.

UNITED KINGDOM

Great Britain

(See also *Intl, Ottawa Economic Conference*)

- July 3—600 policemen battle teen-age rioters in the Southall section of West London; 33 people are arrested and about 60 policemen are injured.
- July 5—Police use tear gas to put down riots in Liverpool and London; in the last 2 days more than 250 policemen have been injured. Home Secretary William Whitelaw says the riots represent "the most worrying situation of its kind this country has ever seen."
- July 8—On nationwide television, Prime Minister Margaret Thatcher appeals to the people to stop the violence.
- July 11—More than 900 people are arrested in London, Birmingham, Liverpool and Manchester as violence continues.
- July 12—Over the weekend, police arrest more than 2,000 people in London for rioting and arson.
- July 13—Home Secretary Whitelaw authorizes the police to use plastic bullets, armored vehicles and water cannons to put down the rioting; traditionally, British police are unarmed.
- July 14—Calm is restored to all British cities for the first time in 2 weeks.
- July 16—Secretary Whitelaw announces the appointment of a government commission to investigate the causes of the recent rioting.
- July 27—Prime Minister Thatcher approves an emergency \$1-billion program to increase teen-age employment; Parliament must approve the measure.
- July 29—Charles, Prince of Wales and heir to the throne, is married to Lady Diana Spencer at St. Paul's Cathedral.

Northern Ireland

- July 3—An attempt is made on the life of Protestant leader Ian Paisley, who is unharmed; a spokesman for the Irish Republican Army claims responsibility for the attack.
- July 8—A 5th hunger striker, Joseph McDonnell, dies at Maze Prison in Belfast.
- July 13—Martin Hurson dies in Maze Prison as a result of his 45-day fast.
- July 15—Following the failure of a Catholic church peace mission to end the hunger strikes in Northern Ireland, the British government permits the international committee of the Red Cross to conduct a fact-finding mission.
- July 31—The family of hunger striker Patrick Quinn asks the prison medical officer to treat him to save his life; Quinn is not conscious.

UNITED STATES

Administration

- July 2—President Ronald Reagan nominates Major General Thomas K. Turnage as director of the Selective Service System.
- July 7—A White House spokesman announces the selection of ex-Rand Corporation president Henry S. Rowen as head of the new National Intelligence Council of the Central Intelligence Agency (CIA).
- July 8—Nuclear Regulatory Commission spokesman Joseph Fouchard says that the commission has notified operators of 44 nuclear plants to check for the possibility that cracks have appeared in the reactor vessels.
- July 10—In response to a U.S. Department of Agriculture order quarantining some areas of California because of an infestation of the Mediterranean fruit fly, California Governor Edmund Brown Jr. orders aerial spraying of the infected areas with the pesticide malathion; the department delays putting the quarantine into effect for the whole state.
- July 13—In U.S. district court in New Haven, Connecticut, Edward Richardson pleads guilty to the charge of threat-

ening the life of President Ronald Reagan and is sentenced to a year in prison.

- July 14—CIA deputy director for operations Max C. Hugel resigns after allegations that he took part in improper business transactions as head of an electronics concern in the 1970's; he is replaced by 20-year CIA veteran John H. Stein.

- July 15—Federal Bureau of Investigation agents arrest former U.S. Army Warrant Officer Joseph G. Helmich on charges that he supplied secret information about U.S. coding to the Soviet Union.

Robert P. Nimmo is sworn in as the new Administrator of Veterans Affairs; he announces the addition of 42 more centers for counseling Vietnam war veterans.

- July 20—The Selective Service System asks the Justice Department to begin investigating (and possibly prosecuting) young men for failing to register for the military draft; there are 134 names on the initial list sent to the department.

- July 24—In Brooklyn, U.S. district court Judge George C. Pratt upholds the conviction of 7 Abscam defendants, including 3 members of the House of Representatives.

- July 27—In a nationwide television broadcast from Washington, D.C., President Reagan asks Americans to support "the first real tax cut for everyone in almost 20 years."

In Los Angeles, U.S. district court Judge Mariane Pfaelzer rules that Secretary of the Interior James Watt violated the 1972 Coastal Zone Management Act by not adequately consulting the state of California before permitting oil explorations off California's coast; she rules that Watt did not violate the Outer Continental Shelf Lands Act although "the actions of the Secretary were not in the spirit which the act required."

- July 29—Some 95 percent of the members of the Professional Air Traffic Controllers Organization reject the tentative contract worked out last month with the government; new negotiations are expected to begin shortly.

- July 30—Attorney General William French Smith discloses the administration's new immigration policy, asking Congress: to fine employers who hire illegal aliens, to establish an experimental "guest worker" program for Mexican workers, to grant legal status to aliens now in the U.S. illegally, to double the quotas for legal immigrants from Canada and Mexico, and to approve \$40 million for new enforcement measures and \$35 million for detention facilities.

Civil Rights

- July 17—The Department of Education accepts South Carolina's 5-year plan for eliminating segregation in its college system.

Economy

- July 2—The Labor Department reports a decline in the nation's unemployment rate to 7.3 percent in June.

Most major banks raise their prime lending rate to 20.5 percent.

- July 7—The Labor Department reports that its producer price index rose 0.6 percent in June.

- July 8—Gold closes on the London market at \$397.75 per troy ounce, the lowest figure since 1979.

- July 22—The Commerce Department reports that the nation's gross national product (GNP) declined at an annual rate of 1.9 percent in the 2nd quarter of 1981.

- July 23—The Labor Department reports that its consumer price index rose 0.7 percent in June; for the 1st 6 months of 1981, the rise in the index was 8.5 percent.

- July 28—The Commerce Department reports that the U.S.

foreign trade deficit declined to \$3.12 billion in June.
 July 29—The Commerce Department reports that its index of leading economic indicators fell 1.3 percent in June.

Foreign Policy

(See also *Intl, Lebanon in Crisis, Ottawa Economic Conference, El Salvador, Israel, Vietnam*)

July 1—White House spokesman Larry Speakes discloses that the U.S. will send 6 F-16 fighter-bombers to Israel on July 17 as scheduled.

July 8—In a letter dated July 1 and released today, Assistant Secretary of the Treasury for Legislative Affairs W. Dennis Thomas informs Congress that President Reagan has instructed U.S. delegates to the various international development banks to vote in favor of loans to Chile, Argentina, Paraguay and Uruguay; in the past they have objected or abstained from such votes because of the sorry human rights record in those countries.

July 10—Canadian Prime Minister Pierre Elliott Trudeau meets with President Reagan in Washington, D.C.

July 11—Secretary of State Alexander M. Haig Jr. meets in Nassau with the foreign ministers of Mexico, Venezuela and Canada to discuss the details of a possible economic assistance program for Caribbean and Central American countries.

July 13—Attorney General William F. Smith asks Congress to approve the admission of an additional 2,400 refugees from East Europe.

July 14—Addressing the Foreign Policy Association in New York, Secretary of State Haig says that the U.S. hopes to begin "formal talks" with the Soviet Union in November or December on limiting nuclear weapons in Europe.

July 16—President Reagan issues a statement from the White House that outlines his policy for preventing the spread of nuclear weapons as a "fundamental national security and foreign policy objective." He calls for "improved regional and global stability . . . and international cooperation . . ." and says that the U.S. will be a "reliable nuclear supplier . . . for peaceful nuclear cooperation under adequate safeguards."

July 17—In reaction to the Israeli raid on Beirut, the State Department says that the shipment of 6 F-16 fighter-bombers to Israel has been delayed.

July 19—President Reagan arrives in Ottawa for economic and political conferences with 6 other world leaders.

July 28—Ambassador to Saudi Arabia Robert G. Neumann resigns "for personal reasons" after 2 months; it is reported that he was fired because he disagreed publicly with Secretary of State Haig.

Secretary of Agriculture John R. Block says that under the Food for Peace Program (Public Law 480) \$50 million in funds has been made available as a loan to enable Poland to buy 350,000 metric tons of feed corn.

July 29—Canada and the U.S. exchange ratification documents for a West Coast tuna fishing treaty, signed 2 months ago.

July 30—In written testimony for the Senate Armed Services Committee, Secretary Haig declares that "Soviet military shipments to Cuba have increased sharply this year."

Labor and Industry

July 1—After 13 years, the United Automobile Workers formally rejoins the AFL-CIO (American Federation of Labor-Congress of Industrial Organizations).

July 21—A threatened strike by some 500,000 of the

nation's 667,000 postal workers is averted when the U.S. Postal Service and 2 unions agree on a new contract that will give the workers pay increases of some 11 percent (\$2,100) over three years; union members must vote on the new contract within 2 weeks.

July 22—The Chrysler Corporation reports a profit of \$12 million for the 2d quarter of 1981, its 1st profit in over 2 years.

Legislation

July 7—Congress returns from a 10-day recess.

July 16—The House votes 354 to 63 to approve a \$136-billion military authorization bill for fiscal 1982; the Senate has passed a similar bill, and differences will be worked out in conference.

July 17—Chairman of the Senate Select Committee on Intelligence Barry Goldwater (R., Ariz.) says that his committee will investigate charges of financial impropriety against CIA director William J. Casey.

July 23—The House approves by a voice vote an emergency \$18.6-million spending bill to keep 8 hospitals and 27 clinics of the Public Health Service in operation until October 1.

July 28—A House-Senate conference committee of 72 Senators and 183 Representatives agrees on \$37 billion in budget cuts for fiscal 1982; the budget now goes to both houses of Congress.

July 29—The House votes 238 to 195 and the Senate votes 89 to 11 to approve slightly different versions of President Reagan's tax-cut bill, which calls for 25 percent cuts in individual and business taxes over 3 years.

The Senate Select Committee on Intelligence concludes unanimously that there is no reason to believe that CIA director William Casey is unfit for his job; the staff inquiry into Casey's dealings is to continue.

July 30—The House Democratic leadership agrees to consider the final version of the tax-cut bill on August 4, delaying its scheduled recess.

July 31—By voice vote in the House and an 80-14 vote in the Senate, Congress approves the bill providing \$35.2 billion in cuts in the fiscal 1982 federal budget.

Voting 404 to 20, the House approves a bill to restore the \$122-a-month minimum benefit for Social Security recipients eliminated by the \$35.2-billion budget-cut bill; restoration of the minimum payment is referred to the Senate.

Military

July 4—The Pentagon announces plans to initiate a \$120-billion, 5-year plan to increase the size of the U.S. navy, adding 2 nuclear-powered aircraft carriers, 14 attack submarines and some 1,900 airplanes, plus other ships and equipment, to give the U.S. a clear naval superiority over the Soviet Union.

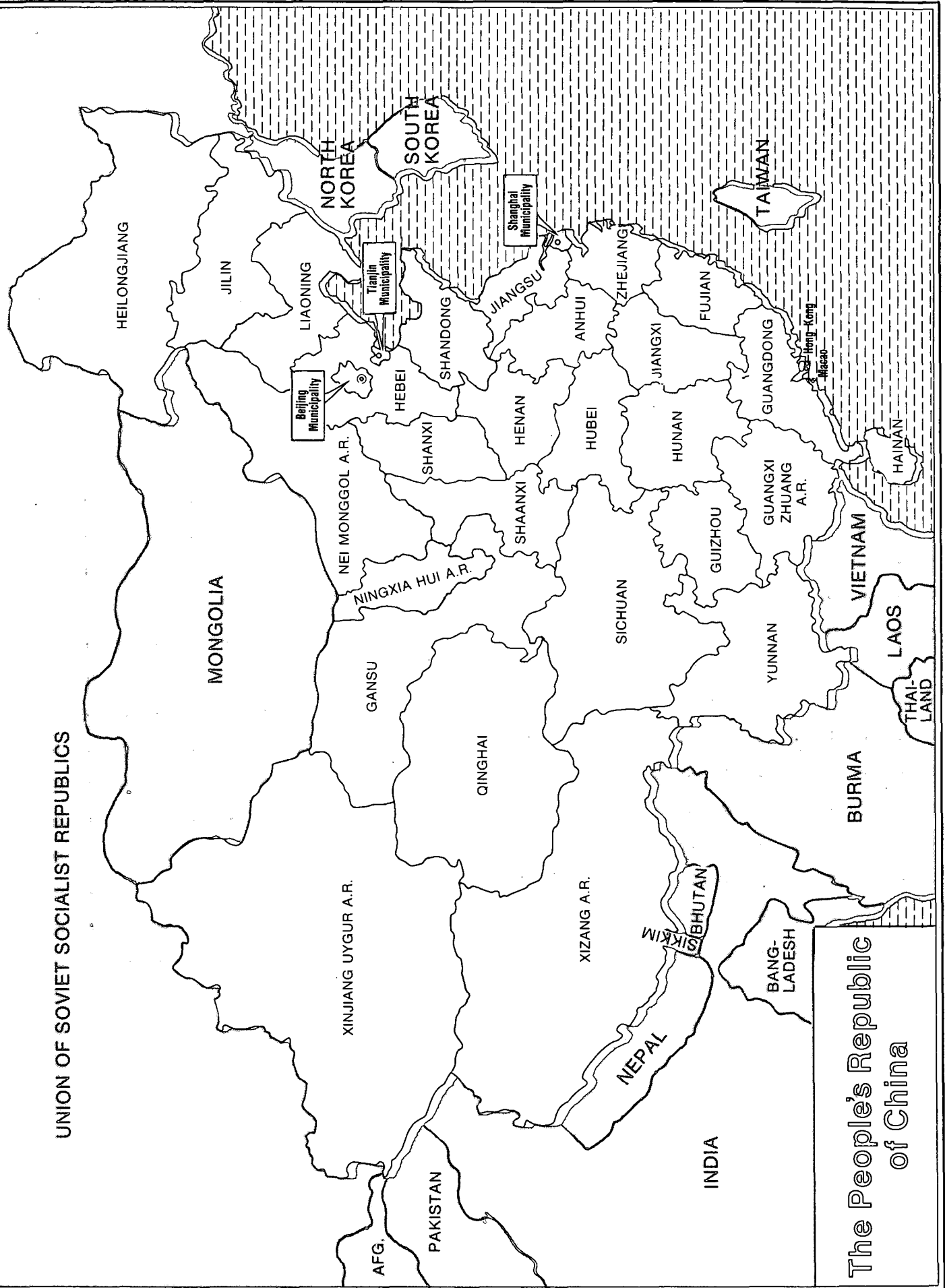
July 8—A White House spokesman announces that President Reagan has appointed a special commission to review all aspects of military manpower including the possible revival of the draft.

July 22—In an interview, Secretary of the Air Force Verne Orr asserts that the Stealth bomber (plans for which were announced about a year ago by then Secretary of Defense Harold Brown) is a "paper airplane" and is far from actual development.

July 23—Army Chief of Staff General Edward Meyer reports that 9 of the 10 army divisions in this country are in combat-ready shape; a year ago only 6 of the 10 were ready.

(Continued on page 281)

UNION OF SOVIET SOCIALIST REPUBLICS



The People's Republic
of China

Available From Current History

Academic Year 1981-1982

- ☐ China, 1981 (9/81)
- ☐ The Soviet Union, 1981 (10/81)
- ☐ Mexico (11/81)
- ☐ North Africa (12/81)

- ☐ The Middle East, 1982 (1/82)
- ☐ Latin America, 1982 (2/82)
- ☐ Africa South of the Sahara, 1982 (3/82)
- ☐ Nations of the Pacific (4/82)
- ☐ Nations of South Asia (5/82)

Still Available

- ☐ West Europe (5/81)
- ☐ East Europe (4/81)
- ☐ Africa, 1981 (3/81)
- ☐ Latin America, 1981 (2/81)
- ☐ The Middle East, 1981 (1/81)
- ☐ Southeast Asia, 1980 (12/80)
- ☐ Canada (11/80)
- ☐ The Soviet Union, 1980 (10/80)
- ☐ China, 1980 (9/80)
- ☐ The World of Islam (4/80)
- ☐ Africa, 1980 (3/80)
- ☐ Latin America, 1980 (2/80)
- ☐ The Middle East, 1980 (1/80)

- ☐ Southeast Asia, 1979 (12/79)
- ☐ West Europe (11/79)
- ☐ The Soviet Union, 1979 (10/79)
- ☐ China, 1979 (9/79)
- ☐ U.S. Arms and Foreign Aid (7-8/79)
- ☐ U.S. Trade and Foreign Policy (5-6/79)
- ☐ India and South Asia (4/79)
- ☐ Japan (11/78)
- ☐ America's Energy Policy Tomorrow (7-8/78)
- ☐ America's Energy Resources: An Overview (5-6/78)
- ☐ The World Energy Crisis (3/78)
- ☐ Mexico, 1977 (3/77)

CURRENT HISTORY BINDER

A sturdy, hard-cover binder at a reasonable cost will protect *Current History* for permanent reference. Each issue can be placed in the binder every month. The easy-to-use binder holds 12 issues securely in place over flexible steel rods.

ONE-YEAR SUBSCRIPTION: \$18.85 **TWO-YEAR SUBSCRIPTION:** \$37.50

QUANTITY SUBSCRIPTION RATE: 10 or more subscriptions mailed to the same address, \$15.75 per 1-year subscription.

SPECIFIC ISSUE PRICE: \$2.50 per copy; 10 or more copies of the same issue, \$1.75. Copies more than two years old, \$3.00 per copy.

BINDER PRICE: \$6.95.

CURRENT HISTORY • 4225 Main Street • Philadelphia, Pa. 19127

SPECIAL SUBSCRIPTION OFFER: your choice of 3 free issues.

- ☐ 1 year \$18.85, plus 3 free issues marked above.
- ☐ 2 years \$37.50, plus 3 free issues marked above.
- ☐ Please send me the issues I have indicated above in the quantities I have marked.

- ☐ Current History Binders at \$6.95 each.

Name

Address

City State Zip Code

- ☐ Check enclosed. ☐ Bill me. Add \$1.50 per year for Canada; \$1.50 per year for foreign.

All these offers are good only on orders mailed directly to the publisher.

Specific issue price and bulk subscription prices are based on a single mailing address for all issues ordered.

Property of
AMBASSADOR COLLEGE LIBRARY
Big Sandy, Texas

LB 111 A9 EB 001 C AUG82
AMBASSADOR COLL LIBR
PO BOX 111
BIG SANDY TX 75755